



**FOREIGN
BROADCAST
INFORMATION
SERVICE**

Daily Report

East Asia

FBIS-EAS-94-032
Wednesday
16 February 1994

Daily Report

East Asia

FBIS-EAS-94-032

CONTENTS

16 February 1994

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

NORTHEAST ASIA

Japan

Ambassador: Relations With U.S. Not 'Matured' [KYODO]	1
LDP, Shinseito Leaders on U.S. Summit Results [Tokyo TV]	1
Hosokawa: Summit Start of New Relationship [KYODO]	2
Commentary on Possible U.S. Sanctions Continues	3
Business Leaders Rule Out Trade War [KYODO]	3
U.S. Phone Finding 'Unilateral' [KYODO]	3
Sanction 'Escalation' Possible [KYODO]	3
Hosokawa To 'Watch' U.S. Moves [KYODO]	4
Hosokawa on GATT Appeal Option [KYODO]	4
U.S. Plans To 'Scrap' Tariff Cuts [KYODO]	4
Takemura: Action Must Be Taken on Trade Surplus [Tokyo TV]	5
Trade Surplus Rises for Second Straight Month [KYODO]	6
Hosokawa Plans New Market-Opening Measures [KYODO]	6
LDP Policymaker Criticizes DPRK Nuclear Deal [KYODO]	7
Hosokawa Hails DPRK's Accepting IAEA Checks [KYODO]	8
Hosokawa: Excessive Currency Swings 'Undesirable' [KYODO]	8
Minister of Finance Fujii Interviewed on Budget [Tokyo TV]	8
Table of Government's FY '94 Budget Proposal [KYODO]	10
Minister Fujii Says Economy Poised To Recover [KYODO]	11
Coalition Row Intensifies on Cabinet Reshuffle [KYODO]	11
Kubo Urges Dismissal of Idea [KYODO]	12
Fujii Urged To Account for Association Donation [KYODO]	12

North Korea

Country Celebrates Kim Chong-il's Birthday	13
NODONG SINMUN Hails Kim Chong-il [Pyongyang Radio]	13
Defense Ministry Hosts Party [KCNA]	17
'Evening of Soldiers' Held [KCNA]	17
Soldiers Meet at Mt. Paektu [KCNA]	17
Party Committee Hosts Reception [KCNA]	18
Chongnyon Sends Birthday Greetings [KCNA]	18
Hanminjon Sends Congratulations [KCNA]	19
Diplomatic Envoys Send Flowers [KCNA]	19
Youth, Students Hold Soiree [KCNA]	19
Children's Union Holds Meeting [Pyongyang Radio]	20
Dialogue Criticizes Kim Yong-sam Government [Pyongyang Radio]	21
Chongnyon Vice-Chairman Arrives in Pyongyang [KCNA]	22
Korean Traders in Japan Delegation Arrives [KCNA]	22
Thai Social Action Party Delegation Arrives [KCNA]	22

South Korea

North Korea Accepts IAEA Nuclear Inspections	22
Radio Reports DPRK Decision [Seoul Radio]	22
IAEA Spokesman Cited [YONHAP]	23
Government 'Sincerely Welcomes' Move [Seoul Radio]	23
Prime Minister Comments on Acceptance [YONHAP]	23

Foreign Minister Welcomes Decision [Seoul Radio]	24
Vice Foreign Minister Comments [YONHAP]	24
YONHAP Assesses 'Compromise'	24
Daily Reacts to DPRK Decision [CHUNGANG ILBO 16 Feb]	25
U.S.-DPRK Meeting Held in New York 15 Feb [YONHAP]	26
Talks Participants Quoted [YONHAP]	27
U.S. Sources Cited on Dellums' Pyongyang Trip [YONHAP]	27
Dellums' Purported Visit Analyzed [YONHAP]	27
Papers Speculate on Dellums' Trip [CHOSON ILBO 16 Feb, etc.]	28
Asst. Minister Predicts Restoral of N-S Talks [YONHAP]	28
Government Preparing Strategy [YONHAP]	29
Government 'Studying Suspension' of Team Spirit [YONHAP]	29
Kim Il-song Said To Propose Talks With Clinton [Seoul Radio]	29
Kim Chong-il Birthday Events Said 'Scaled Down' [THE KOREA HERALD 16 Feb]	30
Dailies on U.S. Plan To Reduce Forces in ROK [KYONGHYANG SINMUN 16 Feb]	30
Defense Ministry on Purchase of F-16 Aircraft [THE KOREA HERALD 16 Feb]	31
Daily Writes on U.S.-Japan 'Trade Friction' [HANGUK ILBO 16 Feb]	31
Government To Prepare for Japan Culture Influx [YONHAP]	32
Shipping Routes To PRC, Russia Open 'Next Year' [YONHAP]	32
Tunisian Science Official Seeks High Technology [THE KOREA HERALD 16 Feb]	32
Government Retains Option To Levy Tariffs [THE KOREA HERALD 15 Feb]	33
Changes in Military Over Past Year Reviewed [CHUNGANG ILBO 15 Feb]	34
Ministry To Improve Supervision of Inspectors [THE KOREA TIMES 15 Feb]	35
Semiconductor Industry Expects Increased Exports [YONHAP]	35

SOUTHEAST ASIA

Burma

Aung San Suu Kyi To Stay Under House Arrest [AFP]	36
Energy Delegation Departs for Indonesia 15 Feb [Rangoon Radio]	36

Cambodia

26 Jan-4 Feb Actions in Kompong Cham Reported [Radio VGNUFC]	36
8-10 Feb Actions in Kompong Chhnang Listed [Radio VGNUFC]	36

Laos

Deputy Minister on Regional Growth Projects [PASASON 7 Feb]	37
Prime Minister Meets Cambodian Defense Minister [KPL]	37
Messages of Thanks Received From Burmese Leaders [KPL]	38
Parliamentary Relations Viewed With Thai Group [KPL]	38

Philippines

Ramos Refuses Apology for Taiwan Leader's Visit [AFP]	38
Military: No Links Between MNLF and Abu Sayaff [MANILA BULLETIN 11 Feb]	39
Roundup of Rebel Activities for 5-11 Feb [MANILA STANDARD, etc.]	39

Thailand

Further on Taiwan President's 'Private' Visit	39
AFP: King To Grant Audience	39
Plays Golf With Deputy Premier [THE NATION 15 Feb]	40
Further on Amnuai-Li Meeting [XING XIAN RIBAO 16 Feb]	40
Prasong Downplays PRC Protest [Bangkok Radio]	40
Labor Minister Denies Meeting [Bangkok TV]	41
PRC Delegation Postpones Visit 'Indefinitely' [XING XIAN RIBAO 16 Feb]	41
New Thai Envoy on Relations With PRC, Taiwan [ZHONG HUA RIBAO 14 Feb]	41
Finance Minister on U.S.-Japan Trade Talks [PHUCHATKAN 15 Feb]	41
Government Seeks AFTA Extension on Petrochemicals [BANGKOK POST 15 Feb]	42

Vietnam

Hanoi: Financial Talks With U.S. Postponed	42
Radio Free Asia Constitutes 'Gross Interference' [NHAN DAN 31 Jan]	43
Nguyen Manh Cam Meets Cambodian Counterpart [Hanoi International]	43
Radio Hails Bilateral Relations With Russia [Hanoi International]	43
Pham The Duyet at Former Prisoners' Gathering [Hanoi TV]	44

Japan

Ambassador: Relations With U.S. Not 'Matured'

OW1602044194 Tokyo KYODO in English 0254 GMT
16 Feb 94

[Text] Washington, Feb. 15 KYODO—The relations between Japan and the United States have not yet become matured as evidenced by last week's failure to reach a bilateral trade agreement, the Japanese ambassador to Washington said Tuesday [15 February].

Takakazu Kuriyama told a press conference that mutual distrust over setting objective criteria to measure progress in opening Japan's markets led to the collapse of the Japan-U.S. trade talks last Friday in Washington.

"As long as we could not reach an agreement due to a lack of trust, it cannot be said that (the relationship) has become one of adults," Kuriyama said.

Kuriyama said Japan needs to make its markets more open and transparent to raise the level of trust in trade "to the same as that of politics and securities."

Asked what course the two nations are likely to take on the trade problems, he said "both sides should make efforts to sit down at the negotiating table seriously."

Kuriyama also said it is "not appropriate" for the U.S. to think of imposing sanctions against Japan only because Japan does not make a compromise.

The two nations have remained at loggerheads over the interpretation of the application of "objective criteria."

Washington says such criteria are necessary to measure how much Japan's markets will be actually opened to U.S. products.

Japan, whose huge trade surplus has long frustrated U.S. Governments, rejects setting numerical targets, on the grounds that it would go against the principle of free trade and result in managed trade.

Although the trade talks broke down without agreement on the criteria, some Japanese media praised Japan's government's stance of rejecting the U.S. demand, saying the two nations' relations had "matured" because Japan could finally say "no."

Japanese Prime Minister Morihiro Hosokawa said at a press conference after the talks with President Bill Clinton that "I believe and hope that (the U.S.) will not resort to unilateral actions that would contravene GATT (General Agreement on Tariffs and Trade) rules."

U.S. officials have warned, however, of retaliation against Japan, such as reviving the "Super 301" provision, before the Group of Seven industrial countries convenes its annual summit in Naples in early July.

LDP, Shinseito Leaders on U.S. Summit Results

OW1602085794 Tokyo NHK General Television
Network in Japanese 0003 GMT 13 Feb 94

[Roundtable discussion as part of the regular weekly "Discussion" program, with Chief Cabinet Secretary Masayoshi Takemura, Shinseito's Kozo Watanabe, the Liberal Democratic Party's Masasjuro Shiokawa and Kabun Muto; moderated by NHK commentator Takashi Yamamoto—live]

[Excerpts] [passage omitted on Takemura commenting on the Japan-U.S. summit in Washington]

[Yamamoto] Mr. Muto, you were foreign minister last summer when the agreement was made on the objective criteria. What was the story at the time?

[Muto] We opposed setting such numbers. We felt the same as the chief cabinet secretary, and we stuck to the position that we would not accept any measure which would lead to managed trade. What is now happening is an extension of that position. Government officials have persisted with that line, and I would like to praise Prime Minister Hosokawa for doing the same. I think it was good the talks broke off in failure. What is wrong, after all, is wrong. I think Mr. Hosokawa said the same. Both countries believe in free trade. I think the semiconductor agreement was wrong—I mean the fact such an agreement should have been made. Once you have such an agreement it becomes a precedent. So it would have been better never to have concluded such an agreement.

Government procurement is done by the government, but workings of the automobile industry belongs entirely to the private sector. I think it would, indeed, be wrong indeed to set numbers that deal with this industry. Besides, the U.S. auto industry has become more competitive than the Japanese internationally. I think it was good he spoke against setting target numbers. [passage omitted on Takemura commenting further on the summit and Japan-U.S. relations]

[Yamamoto] Minister Takemura, I understand you have another appointment. Shall we conclude our discussions here? Thank you so much for having been with us here today. [Takemura leaves] Mr. Shiokawa, we have heard the government's point of view. What is your view of the Japan-U.S. summit meeting?

[Shiokawa] I am very concerned. Just now the chief cabinet secretary said every effort should be taken to ensure the matter does not affect basic elements in relations between the two countries. The government must do everything toward that.

Another point is that the general public is not clear about why the Japan-U.S. talks ended this way. If we look at what the government has done recently, it is obvious that the process by which it decides on important matters is far from clear. Things happen suddenly. Take taxes as an example, while people were asleep, the government, out of the blue, announced it was instituting a national

welfare tax. It is only natural that people became angry as a result. As I said, the process is unclear.

Even in the Japan-U.S. trade negotiations, the government has known from the beginning about the numerical targets demand. The government should have been able to say it had made a counter-proposal to the United States but that talks broke down because this counter-proposal had not been accepted. The problem is that the United States does not know what Japan wants. I think we should explain to the United States what we want and this will be the best way to restore the trust relationship between the two sides.

[Yamamoto] Mr. Watanabe, Mr. Shiokawa has criticized as confused the way the government makes decisions, even those connected with the Japan-U.S. talks. What is your response?

[Watanabe] There is no basis at all for such criticism. Mr. Muto, who has experience as international trade and industry and foreign minister, made a fair comment a little earlier. While serving as minister of international trade and industry, I also had hard time because of U.S. demands on numerical targets. Each time there was pressure, I told them the United States had the world's most liberalized economy and that if it and Japan agreed to doing something that led to managed trade, there would be reaction in Asia and Europe as well. I told them that when the overall world economy is taken into consideration numerical trade targets were not acceptable.

The outcome of the recent summit is not a rupture in relations, but an agreement not to have an agreement. A Japan-U.S. relationship in which the United States does as it pleases because Japan has a trade surplus exceeding \$100 billion cannot be said to be a truly friendly relationship. Even though the government must make every possible effort to reduce the surplus by deregulation or expanding domestic demand, what cannot be done cannot be done. Each country must work together in areas where government can legitimately act. The recent Clinton-Hosokawa meeting was unsuccessful, but I think it marks the start of a process in which relations become more mature and warmer. I am sure people in Japan understand this. There are many who tell me they find the outcome of the summit acceptable. [passage omitted on comments by Dietmen from the Japan Communist Party and the Social Democratic Party of Japan]

[Yamamoto] Mr. Muto, in the wake of the Japan-U.S. talks, what do you think the future Japan-U.S. relationship should be like?

[Muto] As you, Mr. Yamamoto, noted earlier, I had a chance to serve as minister of international trade and industry during the Bush administration and also as foreign minister after the Clinton administration was inaugurated. I see a difference between these two administrations. I think Mr. Bush was an excellent politician, even in the area of diplomatic affairs, who thought about the United States while also thinking about the world. I

receive the impression, even though I have not had close contacts with him personally, that Mr. Clinton thinks more about the United States and less about the world. I have met people around him such as Mr. Kantor and Mr. Christopher. I think it would benefit Japan if the government takes note of this in its future actions. I think Japan should strongly propose that the United States consider the rest of the world as well. Europe would welcome such an attitude, and so would people in Asia. There was criticism, even, of the Seattle conference of the Asian-Pacific Economic Cooperation [APEC] which said that all Clinton did in bringing together the Asian leaders was to use them to make himself look good. I think Japan should strongly advise the United States it should think globally.

Another point. What I want to say to the government is that if the yen value went up suddenly while we were in power, we used to ask the G-7 to intervene in the market. The current government has not taken such actions, even though the yen has risen sharply in value since last July. I think the government should have taken some action. I have a feeling a high yen will be the result of the current dispute. [passage omitted on discussion of tax issues]

Hosokawa: Summit Start of New Relationship

*OW1602085994 Tokyo KYODO in English 0829 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—Prime Minister Morihiro Hosokawa said Wednesday [16 February] his failed trade talks with U.S. President Bill Clinton represented the outset of new Japan-U.S. relations reflecting a stronger sense of trust.

Hosokawa, reporting on the negotiations at a session of the House of Representatives, said he and Clinton held "good" talks in Washington on February 11 as they exchanged opinions on various issues, including the international situation.

Hosokawa and Clinton agreed not to damage bilateral relations though they failed to strike a deal on a new "framework" to slash Japan's trade surplus and increase the share of imports in its markets, the premier said.

He called the talks the beginning of new bilateral relations with greater mutual confidence, in which both countries will make clear what they cannot do.

Hosokawa's remarks came after the United States on Tuesday unveiled steps to impose hundreds of million dollars in trade sanctions in a dispute over access to the Japanese cellular phone market.

The prime minister pledged further deregulation to make foreign access to Japanese markets easier, in spite of the failed trade talks.

He hailed the talks saying that he and Clinton agreed to promote bilateral cooperation on global issues such as the environment, population and AIDS.

Hosokawa told Clinton that Japan would do what it could if the UN Security Council imposed sanctions on north Korea over its suspected nuclear arms development program, he said.

After Hosokawa reported on the trade talks, the lower house session commenced interpellation.

In response to a question from Ryutaro Hashimoto of the opposition Liberal Democratic Party (LDP), Hosokawa said he would search for a breakthrough on Japan-U.S. trade issues.

He said Japan would improve access to its markets and government procurement procedures.

Hosokawa also reiterated his pledge to enact laws by the end of the year for financing a planned tax reduction.

The ruling coalition on February 8 agreed to implement from April a one-time 6 trillion yen income tax cut for fiscal 1994 as a means of economic pump-priming. At the same time Hosokawa was forced to abandon his plan to replace the 3 percent consumption tax with a 7 percent "national welfare tax" to offset the loss of revenue from the tax cut.

Commentary on Possible U.S. Sanctions Continues

Business Leaders Rule Out Trade War

*OW1602020794 Tokyo KYODO in English 0146 GMT
16 Feb 94*

[Text] Washington, Feb. 15 KYODO—Japanese and U.S. business leaders on Tuesday [15 February] ruled out a trade war between the two countries in the wake of a U.S. ruling that Japan violated a trade agreement on cellular telephones.

"I don't believe this will lead to a trade war," said Yotaro Kobayashi, chairman of the Japan-U.S. Business Council and also chairman of Japan's Fuji Xerox Co.

Kobayashi was speaking at a joint press conference with Joseph Gorman, chairman of the U.S.-Japan Business Council, to wind up a three-day meeting of the two business groups.

Gorman, also chairman of TRW Inc., said that retaliation must be a last resort.

Gorman made the remark as U.S. Trade Representative Mickey Kantor announced Tuesday that Japan's violation of an agreement on cellular phones may lead to retaliatory measures in coming days.

The councils met for three days from Sunday in preparation for an annual joint conference slated for July in Tokyo following the collapse of the weekend Japan-U.S. summit meeting over a new trade agreement.

The councils issued a joint statement appealing for private-sector efforts to resolve trade issues.

Noting that Japan and the United States share a bilateral relationship of the greatest importance, the statement called for pursuing a shared goal of open markets.

But the statement alluded to differences between the two sides over U.S. demands for "numerical targets" to measure progress in opening Japan's markets.

The statement said that maintaining and enhancing a positive environment for Japan-U.S. relations can best be done by "continuing to explore effective means of assessing progress in the opening of market sectors and the correction of the excessive trade imbalance."

U.S. Phone Finding 'Unilateral'

*OW1602043494 Tokyo KYODO in English 0245 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—Japan's postal minister Takenori Kanzaki expressed regrets Wednesday [16 February] over the U.S. finding that Japan has breached a 1989 bilateral agreement designed to boost imports of U.S. cellular phones. In a written statement, the posts and telecommunications minister said the finding, a move that could result in punitive action unless a settlement is reached, was "unilateral."

Kanzaki said his ministry has taken necessary action to boost imports under the accord. He said Japan would deal with possible U.S. punitive action against Japanese imports under the General Agreement on Tariffs and Trade (GATT) and other international trade rules.

Sanction 'Escalation' Possible

*OW1602045194 Tokyo KYODO in English 0359 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—The latest U.S. step to pry open Japan's cellular phone market may lead to escalation of U.S. trade sanctions against Japan, a trade ministry official said Wednesday [16 February].

Washington's hard-line stance against Japan has become clear following the collapse of trade framework talks last week, said an official at the Ministry of International Trade and Industry (MITI), who asked for anonymity.

The remark came after U.S. Trade Representative Mickey Kantor on Tuesday announced that Japan was in violation of a 1989 accord on cellular phone trade and unveiled a plan to raise tariffs on Japanese telecommunication products.

Bilateral talks are usually held before such a step is actually taken.

Japan should work out some measures before the United States takes action, said the official.

A source at the Foreign Ministry, meanwhile, said it was possible that Washington would take one punitive step after another against Japan, such as revival of the "Super 301" retaliation clause of the 1988 Omnibus Trade Act.

The source also said Washington may resort to sanctions in a bid to increase sales of U.S.-made microchips in the Japanese market.

Hosokawa To 'Watch' U.S. Moves

*OW1602030394 Tokyo KYODO in English 0222 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—Prime minister Morihiro Hosokawa said Wednesday [16 February] he will closely watch developments in the United States following a U.S. announcement to take sanctions against Japan on mobile phones.

Hosokawa made the comment to reporters who asked how Japan will react to the U.S. decision.

In Washington, U.S. Trade Representative Mickey Kantor Tuesday unveiled steps to impose hundreds of millions of dollars in trade sanctions in a dispute over access to the Japanese cellular phone market.

Chief Cabinet Secretary Masayoshi Takemura said Japan has not breached a 1989 trade accord with the U.S., which was meant to increase imports of U.S. cellular phones.

"We are concerned about the latest U.S. decision," the top government spokesman told a news conference. "We expect them to act sensibly."

Takemura also said the Japanese Government will examine the content of the U.S. announcement and decide on what action it will take.

Hosokawa is scheduled to call a meeting Thursday afternoon of subcabinet-level officials who negotiated with the U.S. in bilateral trade talks to discuss increasingly strained ties with the U.S.

The trade negotiations broke down last week when Hosokawa and U.S. President Bill Clinton failed to strike a deal on a new framework to slash Japan's vast trade surplus and increase the share of imports in its markets.

The mobile phone sector is not included in the framework talks.

Hosokawa on GATT Appeal Option

*OW1602105694 Tokyo KYODO in English 1047 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—Prime Minister Morihiro Hosokawa suggested Wednesday [16 February] Tokyo will file a complaint to the General Agreement of Tariffs and Trade (GATT) if the United States imposes trade sanctions on Japan.

"We will seek a settlement of unilateral sanctions in accordance with international rules," said Hosokawa, during a plenary session of the House of Representatives.

He said Japan has not violated trade rules, and expressed concern about U.S. threats of sanctions.

Hosokawa's remarks came after the U.S. on Tuesday unveiled steps to impose sanctions worth hundreds of millions of dollars in a dispute over access to the Japanese cellular phone market.

The prime minister said Japan will "voluntarily" improve government procurement procedures and foreign access to its markets, but did not elaborate.

Hosokawa hailed his failed trade negotiations with U.S. President Bill Clinton, saying the talks represented the outset of new Japan-U.S. relations reflecting a stronger sense of trust, in which both countries will make clear what they cannot do.

Hosokawa told the lower house he and Clinton held "good" talks in Washington on February 11 as they exchanged opinions on various issues, including the international situation.

Hosokawa and Clinton agreed not to damage bilateral relations though they failed to strike a deal on a new "framework" to slash Japan's trade surplus and increase the share of imports in its markets, he said.

The premier said he and Clinton agreed to promote bilateral cooperation on global issues such as the environment, population and AIDS.

Hosokawa said he told Clinton that Japan would "do what it could" if the UN Security Council imposed sanctions on North Korea over its suspected nuclear arms development program.

He also called the planned one-time tax reduction an "emergency measure," saying permanent reductions of income and residence taxes will be included in the comprehensive tax reform he has pledged to carry out by the end of the year.

The ruling coalition agreed February 8 to implement a one-time 6 trillion yen income tax cut for 1994 as a means of stimulating the sluggish economy.

The tax reform package will include financing of the tax cut because, at the time of the agreement, Hosokawa was forced to abandon his plan to replace the 3 percent consumption tax with a 7 percent "national welfare tax" mainly to finance the reduction.

U.S. Plans To 'Scrap' Tariff Cuts

*OW1602090394 Tokyo KYODO in English 0514 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—The United States plans to scrap a global trade accord proposal on electronic components in response to what it views as Tokyo's insufficient efforts to open its lumber market, Japanese trade officials said Wednesday [16 February].

The U.S. has notified the secretariat of the General Agreement on Tariffs and Trade (GATT) that it will retract a 60 to 70 percent cut in tariffs on electronic parts as proposed under the Uruguay Round of multilateral trade talks, the officials said.

Washington is frustrated over Tokyo's failure to meet repeated U.S. calls for removal of wood product tariffs in Japan, the officials said.

The latest U.S. action prompted rescheduling from the originally set deadline of Tuesday for each GATT member country to show an item-by-item plan for reducing tariff rates, the officials said.

In the Uruguay Round talks concluded last December, Japan agreed to halve lumber tariffs. But the step did not fully satisfy the U.S., which called for total abolition in order to improve American access to Japan's lumber market.

The latest move is apparently targeted at Japanese exports as part of trade sanctions following the collapse of trade framework talks last week.

The U.S. is likely to exclude from the tariff cut plan electronic components which serve as Japan's mainstay export items, the officials said.

The Japanese side, dismissing the U.S. move as against the GATT accord, is expected to form an alliance with South Korea and other Asian countries in seeking the tariff reductions on electronic parts, the officials said.

Takemura: Action Must Be Taken on Trade Surplus

OW1602143294

[Editorial report] Tokyo TV Asahi Network in Japanese at 0100 GMT on 13 February, during its weekly "Sunday Project" panel discussion program, carries a 36-minute live interview with Chief Cabinet Secretary Masayoshi Takemura by Soichiro Tahara, freelance political commentator and moderator of the program. In the interview, Takemura comments on such issues as the 11 February Hosokawa-Clinton talks, prospects for Japan-U.S. relations, tax reform, and the current political situation. Other participants in the panel discussion program—Kyoto University Professor Masaaki Kosaka, New York City University Professor Yoshihiro Tsuyumi, Tokai Research Institute Director Kenji Mizutani, INSIDER magazine chief editor Hajime Takano, and co-moderator of the program Shinsuke Shimada—occasionally join the interview.

In connection with the Washington summit, Takemura says Hosokawa was pessimistic about the results of the talks even before his departure for Washington, saying: "I think he rather thought it is difficult to narrow the gap between Japan and the United States over the numerical target issue." In describing Japan's stance toward the numerical target issue, Takemura says: "Both Japan and the United States are market economy nations and enjoy

the free trade and market systems. So, we thought it was totally impossible for the government to set up detailed target figures for the private sector and exercise public control over the market, because such a policy threatens the very foundation of the nation's economic system. Since we had a bitter experience from the semiconductor talks, we thought we must clearly convey our position this time."

When asked about the Japanese Government's immediate tasks to redress worsening relations with the United States, Takemura says: "Japan should not only adhere to its position. From the viewpoint of the United States, Japan's trade surplus of over \$130 billion is actually a huge amount. The United States is angry because the trade surplus is constantly growing. We must take some action concerning the issue, and we should be fully aware of Japan's responsibility. Fortunately, the rate of Japan's trade surplus showed a slight decrease in the third quarter of 1993. The rate was over 3 percent of Japan's gross domestic product at its peak, but it is currently declining to below 3 percent. According to the government's latest economic forecast, the rate is expected to drop to 2.8 percent in fiscal 1995. So, we should continue all efforts to lower it through such measures as market liberalization, expansion of the domestic market, and deregulation. I think it is important to keep telling the United States that the Japanese Government intends to lower the trade surplus, and it is actually being lowered."

In response to a question asking how long the two nations need to cool down in preparation for the next round of the framework talks, Takemura says it would take "six months, at the longest," because Hosokawa and Clinton will see each other at the Group-of-Seven summit in July, and the two nations have an accord to carry on the summit talks biannually. He says Japan will prepare its own action plan by then to obtain U.S. understanding of Japan's efforts for reducing the trade surplus.

Turning to the tax reform issue, Takemura describes the reason for his negative attitude toward Hosokawa's proposal for raising the consumption tax. He states: "I think everyone, including members of the Liberal Democratic Party, generally agrees on the need for tax reform. However, the proposal was made as a surprise announcement." He thus notes that the Hosokawa proposal was made with inadequate consideration for the current economic situation and for the position of the Social Democratic Party of Japan, the largest group in the coalition government.

Regarding Japan-U.S. policy coordination on a possible embargo against the DPRK, Takemura notes he thinks Hosokawa is well aware of the legal difficulties in preparing effective sanctions. He says: "The prime minister is being careful about this issue as he said Japan's action would be determined within the limitations of the law. I

think that means Japan will follow the decisions of the international community within the limitation of laws and the Constitution."

Trade Surplus Rises for Second Straight Month

*OW1602102594 Tokyo KYODO in English 0901 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—Japan's merchandise trade surplus in January rose for the second straight month, growing 17.0 percent from a year earlier to 6,105.6 million dollars, the Finance Ministry said in a preliminary report Wednesday [16 February].

The unadjusted customs-cleared trade surplus was a double-digit climb for the second straight month following a 15.5 percent rise in December, and was the highest since a 28.1 percent jump last July.

Exports increased 7.5 percent for the 11th consecutive month, up 7.5 percent to 25,929.9 million dollars.

Imports also rose for the 11th month in a row, up 4.8 percent to 19,824.3 million dollars.

A ministry official said that in terms of volume, exports are little changed while imports are growing strongly.

This is not yet apparent in the figures, however. This is because the strength of the yen against the dollar is probably causing a temporary rise in the value of overall surplus in what is known as the "J-curve effect."

The dollar averaged 111.94 yen in January, up 11.5 percent from the same month the previous year when it averaged 124.86 yen.

The rise in surplus comes at a time when the yen is being propped higher against the dollar as a consequence of the lack of agreement on trade issues at the weekend summit between the leaders of the United States and Japan.

Japan's politically sensitive trade surplus with the U.S. rose 7.0 percent to 3.13 billion dollars, going uphill for the eighth consecutive month, and accounting for 51.3 percent of the overall surplus.

A ministry official pointed out, however, that the notable characteristic of the month was a big rise in surplus with other Asian nations, which almost doubled from the previous year, surging 98.8 percent to 2.99 billion dollars.

It was the 21st straight month for the surplus with Asian countries to grow.

The surplus with Asian nations was driven by a three-fold increase in ship exports from a year earlier, the ministry official said, noting that Japan exported huge container vessels.

Japan's surplus with the European Union returned to the downtrend after the abrupt rise the previous month, declining 36.1 percent to 1.75 billion dollars.

Exports of motor engines rose 27.1 percent, and semi-conductors and other electronic parts grew 39.2 percent, while automobile exports fell 16.3 percent, down for the eighth month in a row.

Imports of crude oil dropped 29.9 percent, while oil products fell 18.3 percent.

Although the volume in crude oil remained almost unchanged, the export value of crude oil fell due to the drop in prices, the official said.

Crude oil prices averaged 14.57 dollars per barrel, down 21.7 percent from 18.61 dollars in January the previous year.

Imports of semiconductors and other electronic parts jumped 50.5 percent and that of automobiles rose 42.9 percent.

The official said it is difficult to predict future trends. "It will all depend on factors such as yen-dollar exchange rates and the economic situation in Japan and overseas," he said.

Hosokawa Plans New Market-Opening Measures

*OW1602134694 Tokyo KYODO in English 1339 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—Prime Minister Morihiro Hosokawa plans to draft new measures to improve foreign access to the Japanese market in a bid to take the pressure off the strained trade ties with the United States, government sources said Wednesday [16 February].

Hosokawa will call top bureaucrats to his official residence Thursday afternoon to discuss the market-opening measures, including those to boost government procurements and further relax government regulations.

Earlier this week, the premier expressed readiness to do more to balance bilateral trade, 50 billion dollars in favor of Japan, after talks with U.S. President Bill Clinton over the "framework" trade talks broke down last week.

Apparently frustrated with the stalemate in the framework talks, the U.S. Government announced steps to impose sanctions against Japan for what it sees as a closed market for foreign cellular phones.

Koichiro Matsuura, vice foreign minister for international affairs, Sozaburo Okamatsu, vice international trade and industry minister for international affairs, and Kosuke Nakahira, vice finance minister for international affairs, will attend the meeting Thursday.

The sources said the measures to be worked out by the meeting will include a step to make the procedures required for government procurements of telecommunications and medical equipment faster and more transparent.

Government procurements are one of the focuses covered by the framework trade talks. A pact has almost been completed over the issue, except for a disagreement over a U.S. demand that "objective criteria" be set to gauge Japan's efforts to slim its trade surplus.

The government plans to implement what the two countries have so far agreed upon on the matter.

Also envisaged are further deregulations aimed at narrowing the price gap between home and abroad and a quick enactment of the budget plan for fiscal 1994, starting in April.

The government is also likely to ask the car and other key industries to voluntarily make efforts to open their markets to foreign products.

The sources said Japan will explain its efforts at the upcoming meeting in Germany on February 26 of finance ministers and central bank governors of the Group of Seven economic powers.

The government will also have consultations with U.S. Secretary of State Warren Christopher, due to visit Tokyo shortly, over how to unblock the bilateral trade negotiations.

On the U.S. sanctions, the sources said the government plans to file a complaint with the General Agreement on Tariffs and Trade if the U.S. actually imposes them.

Hosokawa said earlier in the day that the government "will seek a settlement of unilateral sanctions in accordance with international rules."

The government will also protest a U.S. decision to withdraw its offer to lower tariffs on electronics parts.

In addition, Tokyo will tell Washington to refrain from making remarks alluding to its tolerance of a higher yen.

Speculation that the U.S. desires a stronger yen to help cut the bilateral trade gap has driven the Japanese currency above 5 yen in the last three sessions.

LDP Policymaker Criticizes DPRK Nuclear Deal

OW1602091394 Tokyo KYODO in English 0846 GMT 16 Feb 94

[Text] Tokyo, Feb. 16 KYODO—The top policymaker of Japan's main opposition party on Wednesday [16 February] blasted as insufficient North Korea's acceptance of inspections of its seven nuclear facilities and urged it to allow checks on the two most controversial sites.

"I'm disgruntled at the fact that the latest agreement between North Korea and the International Atomic Energy Agency (IAEA) has not cleared up all the ambiguities," said Ryutaro Hashimoto, chairman of the Liberal Democratic Party's Policy Affairs Research council.

Addressing a news conference at the Japan National Press Club, Hashimoto said, "there are still some murky points, as North Korea has not agreed to accept inspection of its two nuclear waste reprocessing facilities."

The IAEA has said the two facilities, located in a nuclear complex in Yongbyon north of Pyongyang, might yield evidence of how much plutonium North Korea has produced in the past.

The IAEA and the United States have said they are keen to check the discrepancies between the actual amount of plutonium North Korea has produced and a much smaller amount of plutonium the nation has admitted manufacturing in the past.

They have expressed concern that missing plutonium from the Yongbyon nuclear reactors might have been diverted to produce nuclear bombs.

Hashimoto's comment came a day after North Korea told the IAEA it will allow IAEA monitors to inspect the seven nuclear sites, while keeping out them out of the two critical facilities.

Hashimoto, a former Finance Minister, said the LDP will take up the issue of these ambiguities during question-and-answer sessions at the House of Representatives Budget Committee in a regular Diet session that reconvened Wednesday.

He urged the coalition government of Prime Minister Morihiro Hosokawa to take a firmer stand in responding to a proposal—now before the UN Security Council—to slap trade sanctions on North Korea if it fails to allow full inspection of all the facilities the IAEA is demanding to see.

"The LDP's own study indicates that the Hosokawa administration has not compiled any crisis management program" to deal with the North Korean nuclear issue, he said.

Hashimoto said the LDP "will not consider exchanges" between party officials and the North Korean Government following the 1993 fall from grace of former LDP Vice President Shin Kanemaru who had kept ties with the Pyongyang authorities.

"Although it is true that Mr. Kanemaru held talks with the North Korean Government, he did so as a mere individual," he said. He said the LDP had never sought to build ties with the North Korean leadership as a party policy.

He was speaking about a suprapartisan delegation to Pyongyang in September 1990 led by Kanemaru and then Social Democratic Party chairman Makoto Tanabe. Their talks with North Korean leader Kim Il-song later led to the start of diplomatic normalization talks between the two countries.

The normalization talks broke down after Pyongyang refused to comply with the IAEA's demands to inspect its nuclear facilities.

Hosokawa Hails DPRK's Accepting IAEA Checks
OW1602043694 Tokyo KYODO in English 0400 GMT 16 Feb 94

[Text] Tokyo, Feb. 16 KYODO—Japan on Wednesday [16 February] welcomed North Korea's agreement to allow international inspection into part of its nuclear facilities.

Chief Cabinet Secretary Masayoshi Takemura said the Japanese Government hails Pyongyang's decision on Tuesday as a move that enables the International Atomic Energy Agency (IAEA) to confirm North Korea is not using its nuclear sites for military purposes.

"We believe it is important that the IAEA's inspection will be implemented in line with the latest accord" between Pyongyang and the Vienna-based international nuclear watchdog, the top government spokesman said at a news conference.

Takemura also expressed hope North Korea will take positive steps in clearing itself of allegations that Pyongyang has been secretly developing nuclear weapons at its facilities in Yongbyon, some 90 kilometers north of the capital.

Tokyo wants Pyongyang to open a dialogue with Seoul and resume talks with Washington on the matter, according to the chief cabinet secretary.

North Korea agreed Tuesday to open seven of its nuclear facilities to inspections by the IAEA in a move to avert possible economic sanctions by the United Nations Security Council.

The accord, however, does not allow the IAEA access to two sites at Yongbyon where North Korea is suspected of developing nuclear weapons.

Takemura spoke of the need for North Korea to open the two facilities to international inspectors.

Prime Minister Morihiro Hosokawa expressed a qualified appreciation for North Korea's decision, saying it was fine for the moment. But Hosokawa said there remain two more nuclear sites that must undergo checks.

A Foreign Ministry source said, however, it will not be clear whether North Korea will really accept IAEA inspections until they are implemented.

Japan must cautiously watch the development of the issue as Pyongyang may have agreed to open its nuclear facilities in an effort to buy time before the possible imposition of economic sanctions by the United Nations Security Council, the source said.

Hosokawa: Excessive Currency Swings 'Undesirable'

OW1602090194 Tokyo KYODO in English 0831 GMT 16 Feb 94

[Text] Tokyo, Feb. 16 KYODO—Prime Minister Morihiro Hosokawa said Wednesday [16 February] the excessive volatility of foreign exchange rates is "undesirable."

Speaking at the House of Representatives plenary session, Hosokawa said, "it is a common view among the G-7 (Group of Seven) nations that foreign exchange rates should reflect the economic fundamentals of nations and that excessive exchange volatility is undesirable."

"We will act appropriately to ensure stability in the market," he said.

Finance Minister Hirohisa Fujii also dismissed market speculation that the United States seeks to guide the yen higher to cut its trade surplus with Japan.

"The U.S. believes that currency markets should not be artificially manipulated. Their attitude has not changed," he said.

In the wake of the breakdown of bilateral "framework" trade talks, which fueled the speculation, the yen zoomed up by more than 6 yen during the first two days of the week, though caution over the high pace of the yen's advance pulled it back somewhat during Wednesday dealing.

Minister of Finance Fujii Interviewed on Budget

OW1502191594 Tokyo NHK General Television Network in Japanese 1502 GMT 15 Feb 94

[Interview with Finance Minister Hirohisa Fujii by NHK commentator Takehiko Mizuki at the NHK studios in Tokyo; date of interview not given —recorded]

[Text] [Mizuki] Minister, thank you for coming to our studio. The coalition government has compiled the fiscal 1994 budget for the first time since it was inaugurated. What sort of priorities have been made within the compilation of the budget?

[Fujii] Ever since his cabinet was formed, the prime minister has continued to stress that the coalition government should build Japan into a fruitful and high-quality nation, and the coalition government should have the people understand that policy. I have worked to compile the budget, taking into account what the prime minister has stressed. At the same time, the coalition government is faced with the issue of spurring the stagnant economy. When the fiscal 1994 budget was compiled, I gave consideration to stimulating the economy. I also gave consideration to curbing special national bonds, and I intend to concentrate the allocation of funds on public works projects. These are what I bore in mind while the 1994 fiscal budget was being compiled.

[Mizuki] The government's debts will grow again; this is the most important issue. The coalition government will issue 20 trillion yen in national bonds. How will the coalition government put the brakes on national bonds? This is an important matter. Minister, how are you going to deal with this issue?

[Fujii] A substantial portion of the 200 trillion yen in national bonds are bonds to finance construction projects. The bonds will leave our nation with assets worth that much. In that respect, it is beneficial to ask the people to assume the burden of some of the bonds. Faced with stimulating the economy, the coalition government intends to issue national bonds to spur the economy. The coalition government also intends to bring about a recovery of the economy. I think the coalition government should make every effort to curb the so-called special national bonds.

[Mizuki] Representatives of the ruling coalition parties have agreed to settle the issue of securing financial resources in order to make up for a fiscal shortfall incurred from tax cuts. Raising the consumption tax is the only way to secure the financial resources; the ruling coalition parties will thus focus their debate on whether or not to raise the consumption tax. When and how will the representatives of the ruling coalition parties settle the issue?

[Fujii] The representative of the ruling coalition parties have agreed to settle the issue within this year; this is their best choice. As you said a while ago, it is a natural for them to discuss ways to address unfair taxes and to streamline the administration. They will also discuss ways to reform the current tax system—taking into account the balance of income, assets, and consumption—and to create new taxes. They have agreed to do all these things this year. I value the agreement and think the representatives will resolve the issue as they have agreed upon.

[Mizuki] As I mentioned a while ago, I would like to ask about the public works projects. It is said the coalition government will concentrate the allocation of funds for the projects on improving the standard of living. The people are placing high hopes on them.

[Fujii] The budget for public works projects will grow substantially. While public works projects for natural parks will grow by 20 percent, those for agriculture will increase by 14 percent. Public works projects for sewage and housing will also be greatly increased. I believe this allocation of public works projects reflects Prime Minister Hosokawa's policy. The growth is quite bold. Public works projects grew by 0.5 percent in 1993. Given the growth in public works projects for 1994, I believe the coalition government has made its utmost efforts.

[Mizuki] Looking at the compilation of the fiscal 1994 budget, this time the so-called zokugin [Diet members who champion special interests] were not as active as they were during the era of the Liberal Democratic Party. However, my impression is that moves by government

ministries and agencies to protect their vested rights and interests are still deep-rooted. Minister, how do you plan to deal with those moves?

[Fujii] The ruling coalition parties have provided all those concerned with the opportunity to put forth their views on the budget. The ruling coalition parties have presented the government, especially the Ministry of Finance, with their views. From our standpoint I feel the process has drastically changed.

[Mizuki] This question concerns the future management of the economy. The compilation of the budget has been delayed for more than a month. Minister, how do you plan to manage the economy as you fill the vacuum?

[Fujii] The budget should have been compiled in 1993; psychologically this would have been correct. However, we have compiled the third supplementary budget, and the budget will certainly give a boost to the economy. The coalition government will stimulate the economy through the third supplementary and fiscal 1994 budgets. The coalition government will also implement a package of stimulus measures totalling 15.25 trillion yen. The package is the largest ever. It will serve to reinvigorate land transactions, agriculture, and small businesses. It is very important for the coalition government to implement the package without delay.

[Mizuki] The coalition government has decided on a package of stimulus measures totalling 15 trillion yen, as well as a budget bill, both of which are expected to spur Japan's economy. However, at this moment the yen is substantially appreciating against the U.S. dollar following the breakdown in the Japan-U.S. summit talks. Minister, what do you think about this?

[Fujii] I cannot help saying that the current exchange markets are affected by speculative moves. The currency's exchange rate must reflect the country's economic fundamentals. It is undesirable for the exchange rate to move dramatically for short periods. This is an agreement reached among the G-7 industrialized nations. I feel these are speculative moves which will probably last a day or so.

[Mizuki] Various remarks by high-ranking U.S. Government officials have affected the speculative moves. The G-7 industrialized nations have agreed to cooperate with each other in dealing with severe fluctuations of the exchange rate. How do Japanese and U.S. financial authorities see the current sharp increase in the yen's exchange rate against the U.S. dollar?

[Fujii] A responsible U.S. Government official has said there is no change in the U.S. Government's policy on the exchange rate. I agree with that.

[Mizuki] Over the past few days, there has been no change in economic fundamentals. The breakdown of the Japan-U.S. summit talks over the opening of the

Japanese market is responsible for the drastic appreciation of the yen against the U.S. dollar. It is important for the coalition government to settle the issue at the earliest date.

[Fujii] I have said the drastic appreciation of the yen has been caused by speculative moves. There are various reasons for these speculative moves. It cannot be denied that the breakdown of the summit talks is responsible for it. Although the leaders of Japan and the United States failed to reach an agreement on various bilateral issues, they agreed there will be no change in friendly relations between the two countries. It is necessary for the leaders to have opportunities to understand each other.

[Mizuki] If the appreciated yen sets back Japan's economy, this would adversely affect the world economy. The G-7 industrialized nations will meet later this month. Minister, how are you going to deal with the appreciated yen?

[Fujii] Financial authorities in the G-7 industrialized nations have agreed that the exchange rate must mirror the economic fundamentals. Drastic fluctuations in the exchange rate have an adverse impact not only on the country concerned but on the world economy. Japan should try to reaffirm the agreement at the meeting to be held by the G-7 industrialized nations.

[Mizuki] Then, Minister, do you think the current sharp increase in the yen's exchange rate against the U.S. dollar is temporary, and thus does not reflect Japan's economic fundamentals?

[Fujii] Yes. I believe the drastic appreciation of the yen has been caused by speculative moves.

[Mizuki] This is my last question. It is unclear why the yen has appreciated so drastically. Minister, when will Japan's economy recover?

[Fujii] The government has agreed to put the economy back on the path of recovery at the earliest possible time during fiscal year 1994, and to make certain it will continue its stable growth in the fiscal year 1995. I am and will manage the economy based on the government agreement.

[Mizuki] Banks are overloaded with bad loans, and there are other issues. It is not easy to resolve those issues. Minister, when do you think these issues will be resolved?

[Fujii] I intend to resolve them at the earliest possible date in 1994.

[Mizuki] Minister, thank you for being interviewed.

Table of Government's FY '94 Budget Proposal
OW1502034194 Tokyo KYODO in English 0302 GMT
15 Feb 94

[Text] Tokyo, Feb. 15 KYODO—The following is a breakdown of the fiscal 1994 budget proposal approved Tuesday [15 February] by the government. Figures are in millions of yen with year-to-year percentage changes in parentheses.

Area	FY '94	FY '93	Percentage Changes
Revenue			
Tax and stamp receipts	53,665,000	61,303,000	(-12.5)
National debt consolidation fund, special account receipts	172,541	186,622	(-7.5)
Nontax revenue	5,601,128	2,735,202	(104.8)
National bonds	13,643,000	8,130,000	(67.8)
Total	73,081,669	72,354,824	(1.0)
Expenditure			
National debt expenses	14,360,242	15,442,347	(-7.0)
Local public finance	12,757,752	15,617,350	(-18.3)
General expenditure	40,854,842	39,916,800	(2.3)
Funds transferred to industrial investment, special account	3,564,065	1,378,327	(158.6)
Repayment to national debt consolidation fund	1,544,768	—	(—)
Total	73,081,669	72,354,824	(1.0)
Breakdown of General Expenditure			
Social security	13,481,627	13,145,674	(2.6)
Education and science	5,957,796	5,820,457	(2.4)
National debt expenses	14,360,242	15,442,347	(-7.0)
Pensions	1,762,019	1,776,600	(-0.8)
Local public finance	12,757,752	15,617,350	(-18.3)
Defense	4,683,548	4,640,639	(0.9)

Public works	11,146,108	8,600,074	(29.6)
Economic cooperation	999,160	957,059	(4.4)
Small business-related measures	187,651	195,099	(-3.8)
Energy-related measures	675,928	655,124	(3.2)
Food control account	274,318	311,315	(-11.9)
Funds transferred to industrial investment, special account	172,541	186,622	(-7.5)
Other expenses	4,728,211	4,656,464	(1.5)
Reserves	350,000	350,000	(0.0)
Reserves for adjustments	350,000	—	(—)
Repayment to national debt consolidation fund	1,544,768	—	(—)
Total	73,081,669	72,354,824	(1.0)
Fiscal investment and loan program	47,858,200	45,770,600	(4.6)

Minister Fujii Says Economy Poised To Recover

OW1602044894 Tokyo KYODO in English 0322 GMT
16 Feb 94

[Text] Tokyo, Feb. 16 KYODO—The Japanese economy is ready to pick up and enter a “full-fledged” recovery phase on the heels of a record 15.25 trillion yen stimulus package launched last week, Finance Minister Hirohisa Fujii said Wednesday [16 February].

His comments came in a fiscal address to a plenary session of the Diet’s House of Representatives following Tuesday’s submission of the government’s plan for the third fiscal 1993 supplementary budget that finances a large chunk of the pump-priming measures.

“The economy remains in a tough situation, but the time is ripening toward a recovery with inventory and capital stock adjustments progressing under support from buoyant housing construction and public-works spending,” Fujii said.

He stressed that the government has unveiled the stimulus program to spread “such recovery buds” in a bid to move the economy toward “a full-fledged recovery phase as early as possible in fiscal 1994 and to ensure stable growth in and after fiscal 1995.”

Fujii expressed his “confidence” that the pump-primer would combine with the third extra budget and economy-oriented fiscal 1994 budget to “wipe out uncertainties ahead and make a great contribution” to the economy’s full-scale recovery.

The government on Tuesday adopted a fiscal 1994 budget worth 73,081.7 billion yen which it will submit to the Diet in early March.

Explaining the third extra budget, Fujii said it boosts overall fiscal 1993 spending by 2,185.2 billion yen to 77,437.5 billion yen, including 1,500 billion yen in additional spending on public works.

The new budget also calls for issuing 2,182.0 billion yen in construction bonds to finance the additional outlays.

Referring to the increased debt, Fujii said the fiscal position has become increasingly tough with the huge outstanding balance of bonds and debt-servicing costs squeezing funds for allocations to policy expenditures.

Against this backdrop, Fujii indicated his intention to push forward tax reforms in connection to income tax and other tax cuts worth some 6 trillion yen included in the stimulus package, saying he will “strongly promote fiscal reform.”

Under the fiscal 1994 budget, the government plans to issue deficit-financing bonds for the first time in five years to cover the tax cuts. The red-ink bonds are to total 3,133.8 billion yen.

According to an agreement on the tax issue by the ruling coalition parties, a forum will be set up to decide on ways to finance the tax breaks by the end of the year.

Coalition Row Intensifies on Cabinet Reshuffle

OW1602132194 Tokyo KYODO in English 1312 GMT
16 Feb 94

[Text] Tokyo, Feb. 16 KYODO—Prime Minister Morihiro Hosokawa told a parliamentary session Wednesday [16 February] he has yet to decide whether to reshuffle his cabinet, but failed to rule out such a move.

“The issue is still a blank piece of paper and I am not working on the assumption that I should conduct it immediately,” the premier said in reply to a coalition lawmaker at the House of Councillors plenary session.

Hosokawa said he will focus provisionally on seeking Diet approval of the third pump-primer supplementary budget for fiscal 1993 and revisions of a political reform package that passed the Diet on January 29.

Hosokawa made the remarks in response to a question from Kazuo Oikawa, a lawmaker of the Social Democratic Party [of Japan] [SDPJ], the biggest force in his coalition, which responded sharply to his proposal to reshape his six-month-old cabinet.

His remarks came at a moment time when some leaders of the ruling coalition traded sharp exchanges over the reshuffle proposal.

Speaking at the foreign correspondents club of Japan, SDPJ Secretary General Wataru Kubo urged Hosokawa not to reshuffle his cabinet to fire his spokesman, Chief Cabinet Secretary Masayoshi Takemura.

"If the reshuffle is designed to oust a specific cabinet minister, the administration will lose its solidarity," he warned.

Hosokawa and Takemura were once close political allies, but their relationship is now reportedly at odds.

Hosokawa said Tuesday that he intends to reshape the cabinet that has been in place since he assumed power last August. He also sounded out Hiroyuki Sonoda, a key figure in Sakigake, on whether he is ready to take over the post.

Takemura heads Sakigake, one of the partners in the coalition. He is known to be at odds with Hosokawa over the premier's proposal to impose a new 7-percent indirect levy on goods and services.

Takemura also clashed late last year with Shinseito co-leader Ichiro Ozawa and Yuichi Ichikawa, secretary general of Komeito, over the handling of political reform bills. Ozawa reportedly asked Hosokawa to dismiss Takemura.

Ichikawa told a meeting of Komeito lawmakers, "it is high time for us to seek to ensure that the cabinet can work smoothly by eliminating differences within the cabinet."

Democratic Socialist Party Chairman Keigo Ouchi balked at the idea of the reshuffle, but the No.2 man in the party, Takashi Yonezawa, another ally of Ozawa, has remained mum on the issue.

Kubo Urges Dismissal of Idea

*OW1602082694 Tokyo KYODO in English 0758 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—Social Democratic Party [of Japan] (SDP) [SDPJ] leader Wataru Kubo urged Prime Minister Morihiro Hosokawa Wednesday [16 February] not to reshuffle his six-month-old cabinet in order to dismiss his right-hand man, Chief Cabinet Secretary Masayoshi Takemura.

The SDPJ is the largest force in the seven-party coalition and Kubo is the party's secretary general. He did not directly refer to Takemura during an address at the Foreign Correspondents Club of Japan but it was clear he had Takemura in mind.

Hosokawa and Takemura were once close political allies but their relationship has deteriorated to the point that they do not speak to each other unless they have to.

Hosokawa told a cabinet meeting Tuesday that he intends to reshuffle the cabinet that has been in place since he took power in August. He said he would discuss the matter with other leaders in his coalition administration.

Takemura heads Sakigake (Harbinger), one of the partners in the coalition. Well-placed sources said it was possible that Takemura could be offered another cabinet position.

Kubo, one of the coalition's chief policymakers, told reporters that Takemura's removal would weaken the makeup of the cabinet.

He urged Hosokawa to be "very persuasive" in demonstrating the need for a reshuffle of the 21-member cabinet during the current Diet session.

Kubo, who became SDPJ secretary general last September, cited deliberations for the third supplementary budget for fiscal 1993 ending in March and the national budget for fiscal 1994 starting April 1994 as examples of the busy Diet schedule.

Kubo said he could not understand why Hosokawa intends to reshuffle the cabinet and he urged the coalition parties to unite in tackling tricky issues facing the government.

Takemura is known to be at odds with Hosokawa over the prime minister's proposal for a new national welfare tax.

Takemura also clashed late last year with Shinseito co-leader Ichiro Ozawa and Yuichi Ichikawa, secretary general of Komeito, over the handling of political reform bills. Ozawa reportedly asked Hosokawa to dismiss Takemura.

Hosokawa rejected Ozawa's advice at the time, political sources said. Ozawa and Ichikawa are the chief strategists in the coalition.

Fujii Urged To Account for Association Donation

*OW1602110394 Tokyo KYODO in English 1021 GMT
16 Feb 94*

[Text] Tokyo, Feb. 16 KYODO—The top opposition Liberal Democratic Party vowed Wednesday [16 February] to press Finance Minister Hirohisa Fujii to account on the Diet floor for his alleged acceptance of a 10 million yen donation from an industry body under his jurisdiction.

"Suspensions (on this issue) are extremely serious from the standpoint of the public," said Sadatoshi Ozato, chairman of the Liberal Democratic Party's Diet Affairs Committee at a news conference in the Diet building.

Ozato was speaking about the donation allegedly received last August by two of Fujii's officially registered political fund-raising organizations from the Enyu-kai, an industry association of salt wholesalers.

The Enyu-kai is affiliated with the Association of Salt Dealers Cooperatives, to which Fujii had served as a long-time adviser.

Fujii, now a House of Representatives member of Shinseito, was an LDP legislator until last June, when he and dozens of other LDP lawmakers bolted from the scandal-marred LDP to form Shinseito.

Ozato expressed the LDP's readiness to bring up the fact that Fujii returned the money a day after the YOMIURI SHIMBUN, the nation's leading daily, reported the industry group made the donation to congratulate him on assuming the post of finance minister last August.

Japan's law on political funding bars a politician from accepting a donation of more than 1.5 million yen a year from a single source.

Shinseito secured a huge electoral success and came under the national spotlight at the 1993 general election by concentrating on the theme of cleaning up the Japanese political system.

North Korea

Country Celebrates Kim Chong-il's Birthday

NODONG SINMUN Hails Kim Chong-il

SK1602082294 Pyongyang Korean Central
Broadcasting Network in Korean 0000 GMT 16 Feb 94

[NODONG SINMUN 16 February editorial: "Invincible Is Our Single-Hearted Unity Rallied Around the Great Leader (yongdoja)"]

[Text] Today, our people are vigorously pressing ahead with the historic onward march to consummate the chuche-oriented socialist cause, overflowing with optimism and confidence in victory. While the grand struggle has been carried out, the blood ties between the great leader [yongdoja] and our people has become all the more cemented as an invincible one which none can break.

At a time when the single-hearted unity of the leader [suryong], the party, and the people is being tightened beyond measure and the socialism of our own style is triumphantly marching ahead, we meaningfully mark the birthday of the dear leader Comrade Kim Chong-il, the great leader [yongdoja] of our party and our people and the supreme commander of our revolutionary forces.

The revolutionary holiday of February is the greatest holiday for our nation in which the glorious chuche lineage has been firmly inherited, and the firm guarantee has been prepared to ensure the endless prosperity for the fatherland and the happiness for all the generations to come.

Observing the historic day, all the party members and working people are gripped by boundless reverence for the great leader [yongdoja] and are recalling with great pride the proud history of having marched ahead under the leadership of the party and the leader [suryong].

The history of the dear leader Comrade Kim Chong-il's revolutionary activities is the most glorious history of the great revolutionary and the great leader [yongdoja] who has devoted his all for the noble cause for the fatherland, the people, and the revolution.

Embarking on the road of the revolution with the firm will to succeed to and consummate the chuche-oriented revolutionary cause pioneered by the respected and beloved leader Comrade Kim il-song in the early days, the dear comrade leader has led our people's struggle for the socialist construction and the fatherland reunification into the ever-victorious road, standing at the fore of our party, the people, and the revolutionary forces.

Today, the era of the Workers' Party of Korea has met the golden age, and the status and dignity of our party and the fatherland has reached its zenith. Upholding the great leader [yongdoja], who has created the most glorious history of struggle for the revolution and the people, comes as the honor for Korea and the greatest pride of our times.

Recalling our party's history of struggle adorned with inflamed events and feats, we feel the greatest pride because the single-hearted unity of the party and the revolutionary ranks uniting around the great leader [yongdoja] has been firmly achieved.

The dear leader Comrade Kim Chong-il has noted: Our single-hearted unity is the most firm revolutionary unity and invincible unity with limitless power in which we are firmly united in terms of ideology, volition, morality, and fidelity based on one center and one ideology.

Unity is power and a fundamental source of triumph in the revolution. At a time when the generation of the revolution has been changed and is carrying out its tasks to inherit and complete the socialist cause, the question on how to unite around the leader [yongdoja] is a vital question connected with the destiny of the revolution.

The single-hearted unity of the party and the revolutionary ranks has a long history and tradition. The tradition of our unity rallying around the leader [yongdoja], which was created amid the stern flames of the anti-Japanese struggle, has been brilliantly inherited along with the advancement of the revolutionary cause.

Today, in our country, the single-hearted unity of all the party members and all the people centering on the dear leader Comrade Kim Chong-il has been firmly achieved. As the result, the problem in inheriting the tradition of unity has been brilliantly solved.

Never has there been a time like today in which all the party members, working people, and officers and men of the People's Army, with absolute loyalty for the leader

[yongdoja], are firmly united in terms of ideology, volition, morality, and fidelity. The achievement of the great single-hearted unity is the most biggest triumph for our revolution.

The might of our single-hearted unity rallied around the dear leader Comrade Kim Chong-il has been clearly proved in our arduous practical revolution.

The single-hearted unity of our revolutionary ranks is the most powerful weapon that enables them to brilliantly carry out any difficult and massive task in revolution and construction and vigorously accelerate the general onward march of socialism of our own style. The history of our socialist construction is decorated with proud courses in cultivating roads and creating miracles with the might of unity.

Upon inheriting the long tradition of struggle, our people were able to create the speeds of march admired by the people of the world and to run like the wind in the seventies, eighties, and nineties because they waged struggles after strongly uniting around the dear leader Comrade Kim Chong-il.

Everything that casts its ray on the fatherland—the strong foundation for a self-reliant national economy, the powerful national defense capability, and the great monumental edifices erected everywhere—is the brilliant fruition of the might of single-hearted unity. If it had not been for the weapon of single-hearted unity, we would not have been able to endlessly develop our economy during the period of the Third Seven-Year Plan, when the situation at home and abroad was difficult. And, if it were not for the might of single-hearted unity, all of us would not be able to march to highly display the superiority of socialism of our own style as boldly as we are doing today.

Our single-hearted unity is a source of invincible might that enables us to defeat any antirevolutionary offensive of the imperialists and strongly defend achievements in reunification.

For the past few years, imperialists and reactionaries of all sorts have maneuvered more viciously than ever to isolate and stifle [korip chilsik] socialism of our own style. However, they were no match for the might of our people single-heartedly united around the dear comrade leader. Because there was single-hearted unity, our party and people could defeat the enemy's reactionary ideological offensives and crush [kyokpa] any maneuver by the enemy to politically and militarily threaten us and bring us under its control [che-ap].

During last year's semi-war period, the entire country, all the people, and the entire Army, cherishing our supreme commander's iron will deep in their hearts, rose up unanimously to launch revolutionary offensives to crush [patan] the enemy's attempt. This is a graphic example of how powerful the might of our single-hearted unity is.

Today our party and people are responding to the enemy's threats, blackmail, and vicious appeasement tactics with a strong revolutionary stand and fighting with a bold offensive spirit and indomitable spirit [taedamhan konggyok chongsingwa pulgurui kiji-ro]. The source of this might is the invincible unity of revolutionary ranks. As long as there are iron-willed revolutionary ranks that rise up unanimously in concert with the great leader [widaehan yongdojawa hanmaum handussidoeyo], our fatherland will cast its ray as an invincible fortress of socialism.

Today the single-hearted unity of our party and revolutionary ranks is unity with the greatest vitality. A fundamental reason for this is the greatness of the leader [yongdoja].

The solidity of unity depends on how firm the center of such unity is. Only when one upholds the people's leader [chidoja] who wins unswerving trust and support from the entire party and all the people, can there be firm unity that is unshakable in any storm. The might of our single-hearted unity comes from the fact that the dear comrade leader's ideas and theories are great and that those ideas and theories are the ideological basis of our unity.

The dear leader Comrade Kim Chong-il has developed and enriched the great leader's [widaehan suryong] revolutionary idea, the chuche idea, and provided a powerful ideological and theoretical asset for the long and arduous revolutionary course that can defeat the imperialists and complete the socialist cause to the end.

Today Comrade Kim Chong-il's ideas and theories are firm guiding principles for our party and revolutionary cause and banners that can achieve complete and unconditional ideological and theoretical unity in the revolutionary ranks. Because we have these great ideas, the political and ideological purity [sungyolsong] of our party and revolutionary ranks is firmly ensured generation after generation.

Cherishing our party's ideas and theories, which are associated with the dignified name of the dear comrade leader, in their hearts as their bone, flesh, and belief, our party members and workers live and fight according to the requirements of those ideas and theories today.

No alien [isaekjogin] ideological elements whatsoever can set foot in our revolutionary ranks, which are firmly armed with the great leader's [yongdoja] ideology and will. As our party's ideology and theory is infinite, our single-hearted unity which regards it as the water of life will never change.

The single-hearted unity of our party and the revolutionary ranks is becoming an ever-victorious and invincible unity. This is because the dear leader Comrade Kim Chong-il's leadership is great and the authority of his leadership is incomparably high.

The dear comrade leader's leadership art is a chuche-oriented leadership art which makes it possible to display the popular masses' infinite strength to the utmost. It is also an ever-victorious leadership art that finds a breakthrough in solving problems in whatever situation and turns an adverse situation into a favorable one. Through his extraordinary leadership capabilities, the dear comrade leader brilliantly fulfilled many difficult and complicated tasks presented in carrying out the socialist cause of our era. He also achieved immortal achievements before the era and revolution.

The dear leader Comrade Kim Chong-il has made countless accomplishments in the revolution and the construction. They include achievements in strengthening the party, the staff of the revolution; enhancing our party's leading role in every way; bringing in fundamental upturn in the construction of the people's armed forces; and filling the superiority of the socialism of our own style in every domains of politics, economy, and culture. For these great achievements, the dear leader Comrade Kim Chong-il is being highly praised as a genius of creation and construction and a great strategist, and has come to grip the absolute authority over the people.

Our people, through their lifetime experiences shared with the party, came to cherish deep in their hearts the steadfast conviction and will that they can surely conquer any fortress of the socialist construction as long as the dear comrade leader leads them. Our single-hearted unity is so strong as the entire society is overflowing with such unshakable faith and will.

The great ethos of single-hearted unity in our society is a brilliant crystal of politics of benevolence and politics of love and trust afforded by the dear comrade leader. The dear comrade leader's warm love for the working people and his unfaltering trust for the revolutionary fighters are his natural gifts and basic characters of politics afforded by him.

Our party, with its limitless magnanimity, has taken care of the people from all walks of life, including the working people, the peasants, and the intellectuals, by holding them in its broad bosom and led them to fruitful life and struggle. In addition, it made all the people who follow the party to proudly stand for members of the revolutionary ranks.

Our party's politics of great love and trust has given birth to loyalty and filial duty among our party members and working people, and made the beautiful communist traits to bloom fully in our society.

Thanks to the dear comrade leader's great noble traits, our society has become a big family under which the great father and the people are connected in blood; a harmonious society where the people help and pull each other along in accordance with the communist principle of one for all and all for one; and a united society in which the great flower garden of the civilian-army unity is being unfolded.

Because we uphold the dear comrade leader, who is the center of unity, the great ideological theoretician, the excelled politician, and the father of the people, our single-hearted unity will display full its infinite might and vitality in the future. Before us lie the heavy tasks of brilliantly completing the chuche-oriented socialist cause by further strengthening the single-hearted unity of the party and the revolutionary ranks.

The great leader Comrade Kim Il-song has taught: All of the working people should inherit the tradition of our revolution's single-hearted unity, and direct big efforts to further strengthen the single-hearted unity of the party and the revolutionary ranks uniting around Comrade Kim Chong-il.

Single-hearted unity is an eternal slogan for our people's struggles and an immortal banner that provides the Korean revolution with bright prospects. In the course of upholding the dear comrade leader, we must more brilliantly inherit the proud tradition of the Korean communist movement in which we have considered unity to be the most precious and defended it at the risk of our lives. If we are to strengthen the might of single-hearted unity by all means, it is more important than anything else to possess absolute admiration of the leader [yongdoja] and uphold the leadership of the party and the leader [suryong] with loyalty.

The most important among the traits of revolutionaries who boundless treasure unity is to have a firm attitude and position with which they uphold the leader [yongdoja]. Revolutionary warriors must single-heartedly uphold their leader [yongdoja] with loyalty. Warm loyalty with which one follows one's leader [yongdoja] and considers him to be a person to whom one owes one's life and who defends one's destiny is a basic trait that our revolutionaries must possess.

All party members and workers must resolutely walk along a single road of loyalty, always cherishing deep in their hearts the notion that it is very fortunate that they have the great leader of the people [widaehan inminui chidoja], who shoulders the destinies of the fatherland and people and who leads the chuche-oriented socialist cause to a single road of invincibility.

Our people's eternal spiritual pillar and center of belief [yongwonhan maumui kidung sinnyomui kidung] is the dear leader Comrade Kim Chong-il.

The more openly the imperialists and reactionaries launch antirevolutionary offensives and the heavier revolutionary tasks face us, the more deeply we must cherish the belief that our socialist cause will win victory without fail as long as the dear comrade leader leads us. For all party members and workers to loudly sing the song of loyalty and song of belief entitled "We Will Win as Long as You Are There" and to meet face to face with difficulties and archenemies [taejok] is a way to fully demonstrate the might of our single-hearted unity.

If single-hearted unity is to be strengthened in the party and revolutionary ranks and functionaries, among other people, must take the lead to uphold the leadership of the party and the leader [suryong]. Functionaries are essential people in the party and revolutionary ranks and the leading officials of the revolution. Our functionaries are those who must become flag bearers as well as hands [sonbal] in upholding the party and the leader [suryong]. All functionaries must thoroughly imbue themselves with the revolutionary doctrine and prepare themselves as genuine loyalists who eternally share the same life and destiny with the party and determined revolutionaries who strongly defend the revolutionary guardposts, to which the party assigned them, and boundlessly glorify our party's revolutionary achievements until they die.

Those who always share the same will with the leader [yongdoja], who consider the party's policies to be their belief and devotedly implement them to the end, and who resolutely struggle to defend our single-hearted unity by all means: They are genuine revolutionary warriors.

Our functionaries must always compare Comrade Yi In-mo's party spirit with their own and persistently make efforts to learn from his spiritual world. To our functionaries who cannot live even for a moment without the people's trust and love, nothing is more important than possessing the spirit of devotedly serving the people. The functionaries must never forget their role in establishing blood ties between the party and people, go among the popular masses, and make brisk efforts to better extend the dear comrade leader's favors to our people.

If our single-hearted unity is to be strengthened by all means, we must substantially and continuously carry out the work to unite the workers, peasants, intellectuals, and people from all other walks of life around the party.

The solidity of our revolutionary unity is guaranteed by the ideological solidity of the popular masses who absolutely support and follow the party and the leader [suryong].

We must further strengthen the indoctrination work to make the party members and workers accept loyalty to the party and the leader [suryong] as their faith, conscience, morality, and daily life and, in particular, the work to propagandize the dear comrade leader's greatness. In this way, we must make the entire society the crystallization of loyalty, devotion, and single-heartedness. In particular, our intellectuals must have a revolutionary awareness and communist conscience and defend and uphold the party with knowledge and technology.

All intellectuals must cherish deep in their hearts the great honor of being the party's eternal companions, sincere supporters, and excellent advisers, an honor that the dear comrade leader has given them. They must also become forerunners who give the people a belief in sure victory and must become bugles in the socialist march.

The young people are the inheritors [kyesungja] of the revolution who must glorify the party's cause, the dear comrade leader's cause, generation after generation. They are also the most vigorous group of people in our society. With a firm resolve to become guns and bombs [chongpoktan] that defend and protect the party and the leader [suryong], all young people must live and struggle in a revolutionary manner and must always rush to difficult guardposts to which the party calls them and create miracles and feats.

Giving fuller play to the traditional ethos of army-people harmony is of important significance in solidifying the wholehearted unity of our society as firm as a rock. Today, the soldiers of our People's Army have the revolutionary soldier's spirit of laying down their youth and lives willingly for the comrade supreme commander and are carrying out their honorable mission as revolutionary fighters with guns. Because we have the People's Army which is boundlessly loyal to the iron-willed brilliant commander General Kim Chong-il, our party is strong, and the security of our fatherland is firmly ensured.

All party members and working people should always attach importance to military affairs, love the soldiers of our People's Army like their real brothers and sisters and real sons and daughters, and help them wholeheartedly. All the officers and men of the People's Army should love the people and wage a struggle devoting everything they have to it to defend the people's lives and properties.

As long as the army and the people uphold the party's cause with loyalty in firm unity between them, the wholehearted unity of our revolutionary ranks will be as strong as a fortress.

Upholding the great leader's New Year's address and the decision adopted at the 21st Plenary Meeting of the Sixth Central Committee of the Workers' Party of Korea, our people are vigorously pushing ahead with a new onward movement to fully display the superiority of socialism of our own style.

We should fully display the might of single-hearted unity in today's struggle to implement the revolutionary economic strategy set forth by the party.

All party members and working people should staunchly strive to carry out our party's grand socialist construction plan by highly displaying the revolutionary spirit of self-reliance and hard struggle. In doing so, they should adorn this year, the first year of the adjustment period, with brilliant feats and triumphs.

Today when some 50 years have passed since the great guiding star rose from the sacred Mt. Paektu, our revolution has a bright future. The great leader [yongdoja] stands at the fore; the invincible party leads us to victory; and single-hearted unity among the leader [suryong], the party, and the masses is pressing hard on our revolution's march.

Victory is on our people's side who are firmly united around the leader [yongdoja] with conviction and fidelity.

Everyone should consolidate the single-hearted unity among all party members, working people, and officers and men of the People's Army centering on the dear leader Comrade Kim Chong-il as firm as a rock, and staunchly fight for the ultimate victory of the chuche cause.

Defense Ministry Hosts Party

*SK1602051994 Pyongyang KCNA in English 0421
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—The Ministry of People's Armed Forces arranged a cocktail party Tuesday on the occasion of the birthday of the dear leader Comrade Kim Chong-il, chairman of the National Defence Commission of the Democratic People's Republic of Korea and supreme commander of the Korean People's Army.

Vice Marshal of the Korean People's Army Kim Kwang-chin and generals and officers were present at the cocktail party.

Military attaches of foreign embassies here were also present on invitation.

Speeches were exchanged.

Then followed a joint art performance.

Members of the military attaches corps cut a figure on the stage of joint performance with laudatory songs about Comrade Kim Chong-il including a chorus "No Motherland Without You", a chorus "Let Us Uphold Our Supreme Commander With Arms" and a vocal duet "Dear Name", thus making the auspicious holiday of February more significant.

'Evening of Soldiers' Held

*SK1602050594 Pyongyang KCNA in English 0417
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—An evening of soldiers of the Ministry of People's Armed Forces took place on the Chonsung Square in Pyongyang Tuesday to celebrate the 16th of February.

The rostrum was taken by Choe Kwang, vice-chairman of the National Defence Commission of the Democratic People's Republic of Korea and chief of General Staff of the Korean People's Army, General Yi Pong-won, Colonel General Chong Chang-yol and leading officials of the Ministry of People's Armed Forces.

The participants in the evening sang in chorus "Song of Dear Comrade Kim Chong-il" and recited the ode written by President Kim Il-song on the occasion of the 50th birthday of Comrade Kim Chong-il.

Then followed an art performance.

In the chorus "The Dear Leader Is Always With Us", the male chorus "Soldiers of the General Sing", the chorus "No Motherland Without You" and acrobatic pieces, the performers emotionally represented unbounded honor and pride of People's Army soldiers in holding dear Comrade Kim Chong-il in high esteem at the head of the whole Revolutionary Armed Forces.

Then, soldiers' cheerful mass dance took place.

They extended highest glory and warmest congratulations to Comrade Kim Chong-il, the supreme commander, on his birthday out of their deepest reverence and loyalty for him, dancing to the tune of the songs "Congratulations on the Fete of February," "Song of Best Wishes" and "Song of Three Prides".

The evening clearly showed the might of the single-hearted unity of the Korean People's Army centred on the supreme commander and the revolutionary enthusiasm and ardent loyalty of soldiers who are determined to be rifles and shells resolutely defending the party and the leader.

Soldiers Meet at Mt. Paektu

*SK1602052094 Pyongyang KCNA in English 0425
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—Soldiers of the three services of the Korean People's Army held a meeting to swear allegiance in front of the old home at the Mt. Paektu secret camp on the occasion of the auspicious February holiday.

Vice Marshal Kim Kwang-chin and generals and a noncommissioned officer of the Korean People's Army spoke at the meeting.

They referred to the wise guidance of dear Comrade Kim Chong-il to the work of the party, the state and the Army as a whole.

They said the officers and men of the People's Army now are filled with the conviction that they are sure to win victory over whatever enemy as they have the great general Kim Chong-il as their supreme commander.

They evinced their resolve to uphold comrade supreme commander with loyalty and filial piety like the first generation of revolutionaries who had held the great leader President Kim Il-song in high esteem as the sun of the nation and the centre of their unity and cohesion and remained loyal to him.

Shouting slogans reflecting their fiery will to become guns and bombs to defend comrade supreme commander with their lives, the participants in the meeting made a firm oath of immutable loyalty and filial piety.

A resolution was adopted at the meeting.

Party Committee Hosts Reception*SK1602053394 Pyongyang KCNA in English 0438
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—The Central Committee [C.C.] of the Workers' Party of Korea [WPK] arranged a reception at the Moknan House last evening on the occasion of the birthday of the dear leader Comrade Kim Chong-il.

Invited there were a delegation of the Communist Party of Canada (M-L) led by its national leader Hardial Bains, a delegation of the Communist Party of Uruguay led by executive secretary general of its Central Committee Pedro Balbi, a delegation of the Social Action Party of Thailand led by its Deputy Leader Bunphan Kaeowattana and a delegation of the International Institute of the Chuche Idea led by its Secretary General Kenichi Ogami on a visit to Korea.

Politburo member and Secretary of the WPK Central Committee Kye Ung-tae, Secretary of the WPK Central Committee Kim Chung-nin, and other cadres and officials concerned were present.

Secretary of the WPK Central Committee Hwang Chang-yop in his speech said that our party and people were significantly celebrating the birthday of the dear leader Comrade Kim Chong-il as a national holiday, regarding it as their greatest fortune to have him at the head of the party and the state. The speaker elaborated on the immortal feats he has performed for the country and the nation, guiding the general affairs of the party, the state and the Revolutionary Armed Forces.

He noted that the dear leader comprehensively synthesized and systematized the chuche idea of our party and further developed and enriched it with new principles raised by the present-day revolutionary practice with his rare ideological and theoretical activities.

"Though the imperialists are persistently trying to isolate and stifle our socialist system, our party and people are confidently advancing the cause of socialism without vacillation," the speaker said, and stated: "We owe this to the tested guidance of the dear leader who has built up a strong driving force of our revolution with the single-hearted unity of the leader, the party and the masses."

Hardial Bains, national leader of the Communist Party of Canada (M-L), in his speech extended warm congratulations to Comrade Kim Chong-il on his birthday, who is wisely leading the Korean people to the accomplishment of the revolutionary cause started by Comrade Kim Il-song, the great leader of the Korean people.

He said that though the U.S. imperialists have resorted to nasty schemings to stifle the Democratic People's Republic of Korea from long ago, they could not stifle Korea in the past days and cannot attain their dirty aim today.

He noted that the Korean people have made great contributions to the accomplishment of the cause of the liberation of the world people and the struggle to destroy imperialism and are greatly contributing to the world revolution today, winning a great victory.

He sincerely wished the Korean people greater success in the struggle to defend independence, realise the reunification of the country and achieve the victory of socialism under the wise guidance of the great leader Comrade Kim Il-song and the dear leader Comrade Kim Chong-il.

Kenichi Ogami, secretary general of the International Institute of the Chuche Idea, in his speech said that Comrade Kim Chong-il was the first to clearly show the absolute advantages and invincibility of socialism of chuche in which the leader, the party and the masses are united as a political organism, and clearly indicated the road the world people should follow.

"Comrade Kim Chong-il is not only a leader of the Korean revolution but a great leader who is leading the new world with the twenty-first century in the offing. Socialism and the future of mankind and its happiness and destiny are unthinkable apart from him," he said.

"To learn from Comrade Kim Chong-il and remain faithful to his leadership today, he stressed", "is a common will of the world progressive people who are going to spread a new world and it is our firm faith."

"As there is Comrade Kim Chong-il, there are the lives of all of us, and as there is his leadership, there is the existence of all of us. We will struggle with the unshakable faith that we will win, overcoming whatever difficulties when he is with us," Ogami said.

Bunphan Kaeowattana, deputy leader of the Social Action Party of Thailand, in his speech said that his delegation came to Korea with the feelings of friendship of the Thai people to express thanks to the great leader his excellency President Kim Il-song and congratulate the dear leader his excellency Kim Chong-il on his 52nd birthday.

He wholeheartedly wished his excellency President Kim Il-song, the great leader of the Korean people, and his excellency Kim Chong-il, the dear leader, a long life in good health and greater success in their future work.

An art performance of Pyongyang artistes was given at the reception.

Chongnyon Sends Birthday Greetings*SK1602043994 Pyongyang KCNA in English 0410
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—A congratulatory message came to the dear leader Marshal Kim Chong-il from the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon) on his birthday.

The message says the dear leader, who was born as the lodestar followed by all the people in the battle site in the period of the anti-Japanese armed struggle with the soul of Mt. Paektu, has performed undying feats for the country and the nation, for the history and era with brilliant ideological and theoretical activities and outstanding leadership.

"Guided by you Marshal Kim Chong-il, genius of the revolution and construction, our country has demonstrated its might as an invincible socialist country and a model of best socialism centred on the popular masses," it says, and continues:

"Marshal Kim Chong-il with unexcelled grit and iron will defended the dignity and security of the socialist homeland of chuche and won one great victory after another in political and military confrontation with the enemy by declaring a semi-war state and taking a decisive step of withdrawing from the Nuclear Non-Proliferation Treaty to cope with the moves of the imperialists and the reactionaries for isolating and stifling our republic."

The message notes that the glory and happiness of Chongnyon and Koreans in Japan are unthinkable apart from the wise guidance and paternal affection of the sagacious leader Marshal Kim Chong-il, who is leading them to victory by successfully embodying the great leader President Kim Il-song's chuche-based idea of the movement of Koreans overseas.

It expresses the resolution to vigorously promote the modelling of Chongnyon on the chuche idea, strengthen it organizationally and ideologically and register greater achievements in the efforts for national reunification and all other patriotic work, thus making this a year of a new victory in the history of the movement of Koreans in Japan.

The message wishes Marshal Kim Chong-il good health and long life.

Hanminjon Sends Congratulations

*SK1602050394 Pyongyang KCNA in English 0404
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—A congratulatory message came to the dear leader Comrade Kim Chong-il from the Central Committee of the South Korean National Democratic Front (Hanminjon) on his birthday.

The message says his birth was a great event in which the Korean people and mankind greeted another great leader and a grand declaration of the eternal prosperity of Korea and the bright future of the era of chuche.

It notes that Comrade Kim Chong-il has immensely enriched the treasurehouse of the chuche idea by formulating the revolutionary idea of the great leader Comrade Kim Il-song with new principles and contents, and has guided the Workers' Party of Korea to be a leading

political organization of chuche type and the government of the Democratic People's Republic of Korea to be a servant that defends national interests and ensures the life of the nation with devotion.

"The heroic feats performed by you in smashing the moves of the U.S. imperialists and the international reactionaries to stifle the North with your brilliant intelligence and tactics, unexcelled grit and iron will and steadfastly defending the bastion of socialism are shining in our age," it says.

Pointing out that Hanminjon, which emerged as a patriotic vanguard of the people, has developed to be forces leading the renovation movement, the message says it will courageously wage the mass movement for independence, democracy and reunification to put an end to the colonial fascist rule of the U.S. imperialists and the tragedy of national division and promote national reunification.

The message wishes Comrade Kim Chong-il good health and long life.

Diplomatic Envoys Send Flowers

*SK1602105494 Pyongyang KCNA in English 1023
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—The dear leader Comrade Kim Chong-il received floral baskets, gifts and congratulatory letters from foreign diplomatic envoys in Korea on the occasion of his birthday.

They were handed to an official concerned by diplomatic envoys of Cambodia, India, Ethiopia, China, Cuba, Vietnam, Egypt, Romania, Bulgaria, Russia, Pakistan, Palestine, Syria, Algeria, Indonesia, Poland, Nigeria, Hungary, Yemen, Mongolia, Yugoslavia and the Czech Republic, the acting representative of the German interest section and the acting representative of the mission of the United Nations Development Programme.

Gifts and congratulatory letters were presented to Comrade Kim Chong-il by a councillor and a military attache of the Egyptian Embassy and all the members of the People's Bureau of Libya here.

Youth, Students Hold Soiree

*SK1602103194 Pyongyang KCNA in English 1006
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—A soiree of youth and students in Pyongyang "The Song of February Sung by Young Vanguard" was held Tuesday on the occasion of the auspicious February holiday.

Present at the soiree were alternate Politburo member and Secretary of the Central Committee of the Workers' Party of Korea [WPK] Choe Tae-pok, secretary of the WPK Central Committee Kim Chung-nin, Vice-premiers of the Administration Council Kim Pok-sin and Chang Chol, officials of the party and power organs

and administrative and economic bodies and public organisations and men of science, education, literature and art, public health and the press, and generals of the Korean People's Army and the Korean Public Security Force. Invited there were foreign guests staying in Korea.

A poem carrying boundless reverence and ardent loyalty of all peoples to the dear leader Comrade Kim Chong-il was recited first.

Then young men and women and students in gala dresses danced to the tune of "Congratulations on the Fete of February", "Youth Shines Under the Leadership of the Workers' Party of Korea" and "Do We Live Like That Time?"

Melodies of the songs "We Will Become Rifles and Bombs Defending Him" and "Song of Defence of the Motherland" representing the firm faith and will of the youth and students to become rifles and bombs defending General Kim Chong-il, the supreme commander, with death added to the festive mood.

The soiree ended with a chorus of "We Will Win Because We Are Guided by You" to the accompaniment of band music.

In the meantime, a national meeting of loyal oath of school children was held in Pyongyang to wage a more vigorous movement for learning from the glorious youth and childhood of the dear leader Mr. Kim Chong-il.

Choe Yong-hae, chairman of the C.C. [Central Committee], the League of Socialist Working Youth of Korea, in his report said that this movement is a movement of loyalty to glorify down through generations the immortal feats performed by the dear leader in his youth and childhood. He stressed that all the school children should strengthen the study of the greatness of the dear leader, including visits to revolutionary sites, and prepare themselves well to be dependable heirs to the revolutionary cause of *chuche*.

Then speeches were made.

A resolution was adopted at the meeting.

Children's Union Holds Meeting

SK1602120294

[Editorial Report] Pyongyang Korean Central Broadcasting Network in Korean at 0800 GMT on 16 February broadcasts a 43-minute recorded coverage of a meeting of the Joint National Organizations of the Korean Children's Union to celebrate Kim Chong-il's birthday. The meeting was held on the morning of 16 February at Pyongyang Gymnasium.

Present on the meeting are representatives of each provincial and municipal Children's Union, children and students from Pyongyang, education-related functionaries, members of the League of Socialist Working Youth of Korea (LSWYK), scientists, soldiers of the Korean People's Army (KPA), artists, athletes, and parents.

The announcer notes that on the main stage are Comrade Kang Song-san, member of the Political Bureau of the Central Committee of the Workers Party of Korea (WPK) and premier of the Administration Council; Comrade Pak Song-chol, member of the Political Bureau of the WPK Central Committee and vice president; Comrade Choe Kwang, member of the Political Bureau of the WPK Central Committee and chief of the General Staff of the KPA; Comrade Choe Tae-pok, candidate member of the Political Bureau of the WPK Central Committee and secretary of the party Central Committee; Comrade Kim Chung-nin, secretary of the WPK Central Committee; Comrade Chang Chol, vice premiers of the Administration Council; Kang Hyon-su, responsible secretary of Pyongyang Municipal Party and chairman of Pyongyang People's Committee; Choe Yong-hae, chairman of the LSWYK Central Committee; Yi Chong-chu, minister of Common Education; and anti-Japanese fighters Paek Hang-nim, Hwang Sun-yi, Kim Myong-nyong.

At 0805 GMT, children begins to sing after an unidentified person announces that the meeting begins.

At 0809 GMT, Choe Yong-hae, chairman of the LSWYK Central Committee, begins his 16-minute congratulatory report. After congratulating "the benevolent father [*chaaeroun aboji*] Kim Chong-il" on his birthday, the reporter says the birth of Kim Chong-il was "a happy event of the arrival of a great leader [*widaehan yongdoja*] to continue and complete the revolutionary cause of the respected and beloved generalissimo."

The reporter mentions how anti-Japanese fighters were overwhelmed by the birth of the star of the Mt. Paektu amid the blast of guns and bombs. The reporter notes Kim Chong-il's revolutionary childhood during which Kim wrote letters of loyalty to General Kim Il-song and at the age of 10 formed a study group of General Kim Il-song's actions. The reporter says Kim Chong-il was outstanding at study, organizational life, and social political activities and urges the members of the Children's Union to follow Kim Chong-il.

The reporter continues to note Kim Chong-il's considerate arrangements for the Children's Union, including the 11-year compulsory education, new uniforms which are provided every new season, and songs and fairy tale books he composed and wrote for the Children's Union. The reporter says that such arrangements reflect Kim Chong-il's idea to bring up children as young revolutionaries.

Taking as example the fact that Kim Chong-il sent a personal letter in answering a letter written by a girl in Kaesong, the reporter stresses how Kim Chong-il loves children.

The reporter notes this year marks the 40th anniversary of Kim Chong-il's entrance in Pyongyang First High School after graduating from Pyongyang Fourth People's

school and urges children to study Kim Chong-il's youth and do well in the Children's Union which is their first organizational life.

The reporter urges children to be prepared for the honorable task of continuing and completing the chuche revolutionary cause generation after generation. The reporter concludes his report wishing Kim Chong-il a long life.

After new members of Children's Union take the admission oath, at 0829 GMT, anti-Japanese fighter Hwang Sun-yi and labor hero Kim Myong-nyong give congratulatory messages to the new members.

At 0832 GMT, children cry out slogans to pledge loyalty to Kim Chong-il and the band plays.

The coverage ends at 0843 GMT.

Dialogue Criticizes Kim Yong-sam Government

SK1602130894 Pyongyang Radio Pyongyang in Korean to South Korea 0950 GMT 15 Feb 94

[Dialogue between station reporters Kim Myong and No Myong-hwa: "Confrontation and War Are the Road to Destruction"—live or recorded]

[Text] [No Myong-hwa] Today the South Korean people are raising their voices to overthrow the civilian government of the Kim Yong-sam clique. I believe that this is an explosion of their indignation against traitor Kim Yong-sam, the worst betrayer of the nation, who is flagrantly running amok to pursue confrontation and war maneuvers. Therefore, I would like to talk about the maneuvers of traitor Kim Yong-sam who pursues confrontation and war by running counter to the national demand for reunification.

[Kim Myong] Speaking of the Kim Yong-sam puppet clique, originally, he was the most heinous anti-reunification element and separatist who used to make absurd remarks that there will be neither freedom nor prosperity if this country is reunified, and that it will be more painful to live in the state of reunification without freedom nor prosperity than to live in the state of division. Such attitude of the traitor Kim Yong-sam clique's shows that he is more persistently clinging to the skirt of outside forces and is running amok to pursue the criminal North-South confrontation and the Northward invasion maneuvers. Such act would put the previous warmongers to shame.

[No] As is known, last year we proposed a 10-point program for a great unity of the whole nation for the reunification of the fatherland and urged the South Korean rulers to suspend their confrontation and war maneuvers and to return to the road of the national reconciliation and unity and the national independence. However, they refused our friendly proposal and walked the road against us. In order words, the traitor Kim

Yong-sam clique has viciously inspired a spirit of confrontation between the fellow countrymen by saying at every opportunity in a so-called meeting of the Army commanders or in his New Year's address that South Korea must be ready for an emergency situation. Some time ago, they kicked up another provocative commotion at a meeting of the so-called Emergency Planning Committee, talking about the resumption of a posture to prepare for an emergency situation.

[Kim] You are right. We cannot forgive him today because of the fact that the Kim Yong-sam clique is attempting to carry out the so-called international cooperation system and international sanctions in order to crush [apsal] our Republic by relying on the might of outside forces. Some time ago, he announced that he would make efforts to improve relations with the North based on view of the fact that it is the same nation, but he behaved himself disgracefully by begging the United States to exercise a powerful influence against us and to carry out the international cooperation system with South Korea, while even providing South Korean rice markets to the United States. He even visited the United States for this.

[No] You are right. The Kim Yong-sam clique has made warmanic and absurd remarks by saying that he is ready to take military countermeasures [kunsajok taeung] against us under the pretext of the nuclear issue. He does everything to inspire the spirit of the North-South confrontation and has created the spirit of northward invasion by touring the puppet military units.

[Kim] You are right. The puppet Kim Yong-sam clique has not only pursued the North-South confrontation but has also been frantic to bring the flame of war to the heads of our nation. The Kim Yong-sam clique, who responded to our proposal for exchange of special envoys of the top authorities of the two sides by resuming the Team Spirit joint military exercise with outside forces, has conducted a great number of aggressive war exercises up to date. According to a military source, a few days ago, the Kim Yong-sam puppets conducted war exercises in the areas of Kyonggi Province and South Korea's Kangwon Province—areas near the Demilitarized Zone—by firing guns against us. The Kim Yong-sam puppets, who are running amok to the spirit of war, have designed plots to conduct another large-scale war exercise in collusion with outside forces if they fail to conduct the Team Spirit joint military exercise. Also, they have maneuvered to introduce Patriot missiles to South Korea.

[No] The puppet Kim Yong-sam clique has viciously committed a grave military provocation in the Demilitarized Zone. In fact, their new war provocation plots have been formidable. Because of the confrontation and war maneuvers by the Kim Yong-sam puppets in South Korea, all dialogues between the North and South have broken. Also, big obstacles are being created in the future road of the national reunification with each passing day. The Kim Yong-sam puppets infringe upon even the basic

and democratic rights of the South Korean people. On 1 February, they indiscriminately cracked down with their rifles, knives, and tear gas, the struggle of farmers, youths, and students who rose up to wage demonstrations against the opening of the agricultural market. They arrested approximately 400 farmers, youths, and students there. Even now, they are putting the whole area of South Korea into a warlike atmosphere of terror.

[Kim] You are right. The Kim Yong-sam clique is the worst traitor of the nation, as well as the vicious fascist warmonger. The fact that the South Korean people from all walks of life are fighting against the Kim Yong-sam clique under the slogan "Let Us Overthrow the Civilian Government" is very just. Therefore, the Kim Yong-sam clique must receive national punishment.

He is running amok to pursue the North-South confrontation and the war plot for the northward invasion under the cloak of a civilian government. I can say that this is to extend his dirty life even one more day by persistently relying on outside forces. However, this is a miscalculation.

As shown by history, confrontation and war maneuvers are the shameful road to destruction. The Kim Yong-sam clique must be aware of the masses' aspiration and historical lessons and act with discretion.

[No] Army officers and soldiers in South Korea will clearly see the last days of the Kim Yong-sam clique, who is hastily running amok to the road of destruction, while standing on the side of the masses and making efforts for the national harmony and unity.

[Kim] You are right.

Chongnyon Vice-Chairman Arrives in Pyongyang

*SK1602063994 Pyongyang KCNA in English 0412
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—Ho Chong-man, chief vice-chairman of the Central Standing Committee of the General Association of Korean Residents in Japan (Chongnyon), arrived here by plane on February 15 to visit the socialist homeland.

Korean Traders in Japan Delegation Arrives

*SK1602050694 Pyongyang KCNA in English 0418
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—Mun Pyong-on, vice-chairman of the Federation of Korean Traders and Industrialists in Japan, and his party arrived here by air on February 15 for a visit to the socialist homeland.

Thai Social Action Party Delegation Arrives

*SK1602050494 Pyongyang KCNA in English 0411
GMT 16 Feb 94*

[Text] Pyongyang, February 16 (KCNA)—A delegation of the Social Action Party of Thailand headed by its deputy leader Bunphan Kaeowattana, arrived here on February 15.

It was met at the airport by Secretary Hwang Chang-yop and Vice-Director of a department Kim Yang-kon of the Central Committee of the Workers' Party of Korea.

South Korea

North Korea Accepts IAEA Nuclear Inspections

Radio Reports DPRK Decision

*SK1502230894 Seoul KBS-1 Radio Network in Korean
2100 GMT 15 Feb 94*

[By correspondent Cha Man-sun from Vienna]

[Text] On 15 February, North Korea officially notified that it will accept full-scope [chonmyon] inspection of seven nuclear facilities as demanded by the International Atomic Energy Agency [IAEA]. Therefore, full-scope inspection on North Korea is expected to be resumed from early next week at the earliest.

North Korea held working-level contacts with the IAEA on two occasions on the afternoon of 15 February, and officially notified that it will accept the IAEA's full-scope inspection of its seven nuclear facilities.

The IAEA revealed that the resumption of the full-scope inspection on North Korea is to closely examine whether North Korea diverted the nuclear material of its seven nuclear facilities for military purposes since normal [chongsang] inspection on North Korea has been suspended since February 1993. The inspection team plans to carry out a series of inspection activities including the overall replacement of monitoring devices and replacement of sealing devices to safeguard the continuity of the inspection which has been damaged.

With the acceptance of the full-scope inspection by North Korea, the IAEA notified the North Korean side by letter that it will dispatch the inspection team as soon as procedures are completed for the team to visit North Korea. If North Korea actively cooperates in the inspection team's preparations to visit North Korea, the inspection team consisting of six or seven people will be able to go to Pyongyang sometime this weekend and thus carry out inspection activities in Yongbyon from early next week when the IAEA Board of Governor's meeting takes place.

Counselor Yun Ho-chin, the working-level delegate of the North Korean side, said that the decision to accept

the full-scope inspection was made with utmost flexibility by the North Korean side to achieve denuclearization on the Korean peninsula and was achieved by making concessions with the IAEA.

IAEA Spokesman Cited

SK1602003994 Seoul YONHAP in English 0017 GMT
16 Feb 94

[Text] Berlin, Feb. 15 (YONHAP)—North Korea has agreed to allow the International Atomic Energy Agency (IAEA) to conduct inspection on all seven reported nuclear facilities, the IAEA announced Tuesday. At a working-level contact in Vienna Tuesday, North Korea informed the IAEA that it will accept all IAEA conditions for inspection, the announcement said.

Meanwhile in New York, North Korea and the United States resumed their working-level meeting Tuesday to negotiate followup measures on IAEA inspection.

At the Vienna meeting, the IAEA told North Korea it plans to send a team of inspectors as soon as possible. It was reported that the team would be able to leave before Feb. 21 when the IAEA convenes a Board of Governors meeting. The team would probably leave Vienna for Pyongyang over the weekend if airline flight arrangements are made before that, sources said.

The IAEA said the purpose of the upcoming inspection is to see whether the nuclear materials in the seven reported facilities had been converted for other uses since February last year when the IAEA last conducted inspection. In addition, the IAEA plans to replace films and batteries for surveillance cameras after checking them to see if the IAEA seals were intact, IAEA officials said. These works will be conducted along with other basic inspection activities, the officials added.

The main point of the agreement was North Korea's acceptance of all the conditions the IAEA had laid out for the forthcoming inspection, IAEA spokesman Hans Meyer said. He declined, however, to disclose the details of inspection activities.

Meyer also explained that the agreement does not mean that there was a resolution of the North Korean nuclear issue. Tuesday's agreement covers the upcoming inspection only, he said. The IAEA would not characterize the forthcoming inspection as being ad hoc or routine.

The inspection team, comprising six to seven experts, is expected to stay in North Korea for two to three weeks, IAEA officials said.

Councilor Yun Ho-chin of the North Korean Embassy in Vienna said that the agreement was reached in order to maintain continuity in nuclear safeguards. "We are satisfied with the outcome (of the negotiations)," he said.

In another development, North Korea is reportedly sending a high-level delegation to the IAEA board

meeting Feb. 21. It was not immediately known, however, who would lead the delegation. The IAEA-North Korean agreement came after six rounds of talks since Pyongyang and Washington reached an accord in New York on Jan. 7. Despite Tuesday's agreement, the question of inspecting two unreported nuclear sites in the Yongbyon nuclear complex is still pending, presumably for the two sides to discuss later.

Government 'Sincerely Welcomes' Move

SK1602003194 Seoul KBS-1 Radio Network in Korean
0003 GMT 16 Feb 94

[Text] An ROK Government statement on North Korea's nuclear inspections has been released. Reporter Kim Hong will report from Chongwadae [presidential residence].

[Kim Hong] Chongwadae spokesman Chu Ton-sik released a statement today concerning North Korea's acceptance of nuclear inspections. He stated that the ROK Government sincerely welcomes North Korea's decision to receive International Atomic Energy Agency [IAEA] nuclear inspections. He also said that the government expects that the North-South dialogue, which North Korea had promised externally [taeoejoguro], will take place.

Chongwadae spokesman Chu Ton-sik also said that the government's basic position is that the North Korean nuclear issue must be peacefully resolved through dialogue and that the government will also make efforts in the future for dialogue based on this position. In the statement he went on to say that the government hopes that North Korea's acceptance of IAEA inspections would contribute to resolving the nuclear issue through dialogue and improving North-South relations and that the efforts to promote peace on the Korean peninsula will bear fruit.

Prime Minister Comments on Acceptance

SK1602081894 Seoul YONHAP in English 0759 GMT
16 Feb 94

[Text] Seoul, Feb. 16 (YONHAP)—Prime Minister Yi Hoe-chang on Wednesday welcomed North Korea's acceptance of the International Atomic Energy Agency's (IAEA) request for inspections of its nuclear facilities.

The government will continue to cooperate with friendly nations and international organizations in solving the issue, he said in a state of the administration speech delivered at a plenary session of parliament.

The government expects North Korea not only to permit IAEA nuclear inspections, but also to come to the dialogue table as soon as possible to take up the inter-Korean nuclear issue, he added. He also expressed hope that a humanitarian program would be launched to ease the pain of separated Korean families by arranging for reunions.

Stressing that government must be based on law and order, Yi said the administration would carry out all reform programs on this basis.

Calling on parliament to enact new electoral legislation during its current session, he said the government would manage local elections slated for next year strictly according to the new law.

To attain peaceful reunification of Korea, the government will pursue a foreign policy which creates an international environment conducive to that end, he said.

The government's economic policy will focus on increasing the international competitiveness of Korean products to spark a new economic takeoff.

To cope with the new world trade order established under the Uruguay Round accord, the government will reform Korea's trade system and practices so that they suit the new order.

For price stabilization, the government will continue controlling the prices of 30 basic items, while placing under surveillance the prices of 140 monopoly and oligopoly items, he said.

In addition to the 42 trillion won earmarked for investment in rural industries, 1.5 trillion won will be poured into agricultural restructuring programs every year over the next decade to revitalize the sector, which will likely suffer from farm market opening under the Uruguay Round accord, the prime minister said.

Foreign Minister Welcomes Decision

SK1502232294 Seoul KBS-1 Radio Network in Korean 2100 GMT 15 Feb 94

[Text] Foreign Minister Han Sung-chu confirmed today that North Korea accepted the demand by the International Atomic Energy Agency [IAEA] to accept nuclear inspection and revealed that the government welcomes it.

In a meeting with reporters at dawn today, our time, Foreign Minister Han, who is currently on an official visit to Canada, said that North Korean representatives stationed at the IAEA notified the IAEA that North Korea is willing to accept inspection of seven nuclear facilities which the IAEA is demanding for the continuity of nuclear safety measures. Foreign Minister Han also said that the government welcomes the move and that he hopes the nuclear inspection on North Korea will be carried out as agreed upon between the IAEA and North Korea.

Foreign Minister Han said that it is unclear whether the nuclear inspection on North Korea will be carried out the day after tomorrow but said that there is a high possibility that the inspection will start within a week.

Foreign Minister Han said that since the North Korean side is showing a developing attitude regarding nuclear

inspection, he will meet with high-ranking U.S. working-level officials including Secretary of State Warren Christopher and National Security Adviser Anthony Lake when he revisits Washington on 17 February to hold full-scale discussions with the United States on reaching an agreement on dealing with the upcoming three-stage contact.

Vice Foreign Minister Comments

SK1602031894 Seoul YONHAP in English 0308 GMT 16 Feb 94

[Text] Seoul, Feb. 16 (YONHAP)—Inter-Korean dialogue may soon open without having to wait for results of International Atomic Energy Agency (IAEA) inspection on North Korea, Vice Foreign Minister Hong Sun-yong said Wednesday. Hong indicated a decision soon on canceling South Korea-U.S. joint military exercise "Team Spirit," saying the two countries will consult on the matter.

Widespread speculation is that the two countries will announce the cancellation around the time the IAEA inspection team begins activities in North Korea.

"This is only a beginning," said Hong after welcoming North Korea's decision to accept IAEA inspections after nearly a one-year break. "But to completely resolve the situation, North Korea must accept special inspection on its two undeclared facilities, fully return to Nuclear Nonproliferation Treaty (NPT), and implement inter-Korean agreement on denuclearization," he said.

Hong repeated earlier position by Seoul and Washington that North Korea must reopen inter-Korean dialogue before the United States will hold next round of high-level talks with it.

"There are many issues to be settled through South-North Korea dialogue," the vice foreign minister said. The dialogue is not necessarily linked to the outcome of IAEA inspections, to begin as early as this week, he said, "the talks can be held before or after the results are out."

YONHAP Assesses 'Compromise'

SK1602074594 Seoul YONHAP in English 0730 GMT 16 Feb 94

[By Yi Tong-min]

[Text] Seoul, Feb. 16 (YONHAP)—The compromise between North Korea and the International Atomic Energy Agency (IAEA) is just enough to ride out the immediate crisis with both sides purposefully skirting the key questions.

Seoul officials unanimously welcomed North Korea's decision to realow IAEA inspections but agreed it marks only a beginning, with even tougher negotiations than before probably still ahead.

It's progress since the IAEA can at least resume safeguards activities in North Korea and reload batteries and film in inspection cameras that stopped functioning months ago.

The chief aim is to check whether nuclear materials at North Korea's seven declared facilities have been diverted for non-peaceful purposes since the last full-scale inspection in February last year.

Just verifying that there have been no covert nuclear activities in North Korea will significantly ease international concern for the present.

North Korea and the United States are now closer to holding the next round of high-level talks, an event that should defuse the threat of war and give peace a chance. But the situation has only returned to that of before last March 12, when North Korea announced its withdrawal from the Nuclear Non-proliferation Treaty (NPT).

In fact, the situation is in deeper limbo since North Korea and the IAEA intentionally haven't settled whether Pyongyang has fully returned to the NPT.

The wording of the North Korea-IAEA agreement leaves this issue in a vague state. North Korea claims it isn't party to the NPT and thus not obligated to permit routine IAEA inspections. Its decision to accept IAEA checks is purely voluntary, it maintains.

The agency insists otherwise, asserting that inspections are part of NPT obligations.

The compromise was not reached to settle this dispute. The IAEA is simply going into North Korea to reload the inspection cameras and to check on possible nuclear materials diversion.

Under the compromise, the IAEA got the scope of inspection it demanded. North Korea, in return, saved face by not admitting to having NPT obligations.

While the agreement on inspection breaks the present impasse, North Korea can always refuse further inspections because it never admitted to the obligations.

Once talks get underway for full-scale inspections, North Korea and the agency will have to tackle this dispute once again.

It has been Seoul and Washington's policy to take one step at a time. The immediate goal was to re-enter North Korea to find out if there is cause for concern about its suspected covert nuclear weapons program. The North Korea-IAEA agreement assures just that. But officials here see higher mountains to climb—special inspections of North Korea's undeclared sites and inter-Korean talks that must reopen before the United States will hold high-level contacts with North Korea, for starters.

Daily Reacts to DPRK Decision

SK1602114494

[Editorial Report] The following is a compilation of an editorial and articles published on the moderate vernacular daily CHUNGANG ILBO in Korean on 16 February on North Korea's "lightning acceptance" of nuclear inspections by the International Atomic Energy Agency (IAEA).

The paper publishes on page 3 a 2,300-word article by Vienna-based correspondent Yu Chae-sik, entitled "Strategic Concession Fearing International Pressure—Also Can Be Intentional Delay Tactic To Gain 'a Lot.'" Noting that North Korea on 15 February informed the IAEA of its decision to "accept nuclear inspections" in a "lightning manner," the article says that with this, tensions regarding "the crisis of a war breaking," which has been openly talked about by the people, have now been "calmed down for a while."

The article points out several observations made by relevant IAEA officials in Vienna concerning the background of "North Korea's abrupt turnaround" from the position of refusal of inspections. First, North Korea "yielded to the tough pressure" of the international community, of the United States, in particular. Explaining the process of the past contacts between the United States and North Korea on the inspection issue, the article says that an agreement was reached between the two sides but there was no "progress" in the six contacts held between North Korea and IAEA owing to differences in positions on the scope of the inspections. The IAEA declared that if normal inspections of "seven nuclear facilities" are not accepted, it will not dispatch an inspection team to North Korea. Prompted by this, "voices for sanctions on North Korea" and "criticism" of the Clinton Administration's "moderate policy" began to "surge." Pointing to the U.S. Defense Department's announcement of its operational plan to "occupy Pyongyang" and to the U.S. "final notice" on referring the issue to the UN Security Council, the article notes that this situation has driven North Korea to keenly realize that it can "no longer endure" the situation and that it may "loose" even what it has already gained. North Korea is also clearly aware that the United States has become the only "superpower" of the world which will "put its decision into practice without fail" once it decides to do so.

Second, the acceptance of inspections at the "final stage" is North Korea's "original strategy." In other words, even after North Korea agreed to accept inspections of "seven facilities," it is attempting to "gain some more" during negotiations with the United States. Judging that nothing can be obtained from "seven declared facilities," North Korea made a "strategic concession" in order to prepare itself for high-level talks with the United States while continuing the dialogue.

The article says that another observation which should not be overlooked is that North Korea agreed on inspections because the IAEA made "a certain concession," as revealed by North Korean Councilor Yun Ho-chin. If this is true, the article says, the IAEA might have decided to apply special regulations only to North Korea, not the "general regulation" which is applied to all IAEA members, thus leaving room for "making an issue" among its member states.

The article stresses that North Korea's acceptance of inspections is significant because it "halted the two trains dashing toward each other" but it is only the "beginning" of the North Korean nuclear issue because more thoroughgoing negotiations should be held between North Korea and the United States and between North Korea and the IAEA in order to ensure "transparency" of the North Korean nuclear issue through "special inspections" of two undeclared facilities in Yongbyon.

The paper publishes on page 3 a 1,300-word article by Washington-based correspondent Chin Chang-uk entitled "The United States Is Embarrassed by the Entanglement of Its Policy on North Korea." The article says that although the United States "immediately" announced a statement on 15 February "welcoming" North Korea's acceptance of nuclear inspections, it cannot conceal its "embarrassment" for the "abrupt entanglement" of its policies on North Korea, noting that the United States, judging that North Korea would not accept inspections until the IAEA Board of Governors meeting on 21 February, worked out "concrete measures" for economic sanctions against North Korea by referring the inspection issue to the UN Security Council.

The article says that the U.S. embarrassment is shown by its difficulty in deciding whether it would deploy Patriot missiles to the ROK or not and it has stated that an "urgent revision to the plan" to stage the 1994 Team Spirit joint military exercise is "necessary" in the event that the IAEA inspection team visits North Korea in the future. The article says that the United States should also make a "difficult diplomatic reversal" of its discussions with permanent member states of the UN Security Council because it had already discussed with them "sanctions against North Korea."

On the other hand, the article goes on to say that the U.S. Government believes that a series of such "hardline measures" have had the effect of making North Korea accept nuclear inspections. However, it also thinks that a "drastic revision" in the direction of its policies toward North Korea will be necessary. The article notes that it is likely that the United States will strongly demand that North Korea accept the inspection of "two undeclared nuclear facilities" in addition to the issue of exchanging special envoys between North and South Korea. The article says that whether the United States will deploy Patriot missiles to the Korean peninsula or not, even

after North Korea accepts nuclear inspection, will become "a point of contention" between the United States and North Korea.

The paper published on page 3 a 1,000-word editorial entitled "The North's Acceptance of Nuclear Inspection Is Only the Beginning." Noting North Korea's acceptance of inspections as "fortunate," the editorial says that this is only a "clue" to the solution of the problem and that North Korea will demand discussions of "economic assistance and improved relations" by holding the third round of high-level U.S.-North Korea talks. The paper stresses that a "satisfactory result" should be brought about by the IAEA inspection and "peaceful use" of North Korean nuclear facilities must be "confirmed." The editorial also emphasizes that "practical dialogue" between the North and the South should be held before the issues of suspending the Team Spirit exercise and of holding high-level U.S.-North Korea talks are discussed.

U.S.-DPRK Meeting Held in New York 15 Feb

SK1602011794 Seoul YONHAP in English 0108 GMT
16 Feb 94

[Text] Washington, Feb. 16 (YONHAP)—With North Korea's acceptance of nuclear inspections by the International Atomic Energy Agency (IAEA), Pyongyang and Washington on Tuesday began to discuss holding a third round of high-level talks in March.

Tom Hubbard, U.S. deputy assistant secretary of state for Asian and Pacific affairs, and Ho Chong, deputy chief of the North Korean mission to the United Nations, met at UN headquarters in New York Tuesday shortly after North Korea's acceptance of inspections was announced. Their discussion focused mainly on possible suspension of "Team Spirit," the annual South Korea-U.S. joint military exercise, and holding the third round of high-level talks, but details of their talks were not immediately known.

Diplomatic sources here said that North Korea notified the United States of its willingness to cooperate in allowing access to an IAEA inspection team, and that Pyongyang urged Washington to suspend Team Spirit and push ahead with the third round of high-level talks.

Washington clarified that it would suspend this year's Team Spirit and hold further talks with Pyongyang on condition that inter-Korean dialogue on exchanging special envoys be resumed, according to the sources.

Meanwhile, U.S. State Department spokesman Mike McCurry said at a regular briefing on Tuesday that the third round of high-level talks between the United States and North Korea would be held if satisfactory IAEA inspections were completed and if inter-Korean dialogue on denuclearization of the Korean peninsula was resumed at an early date. He added that it is impossible to say exactly what caused North Korea to change its stance on nuclear inspections.

Talks Participants Quoted

SK1602030494 Seoul YONHAP in English 0228 GMT
16 Feb 94

[Text] New York, Feb. 15 (YONHAP)—North Korea and the United States met at the conference room of the United Nations headquarters here Tuesday to discuss the exact content of Pyongyang's agreement with the International Atomic Energy Agency (IAEA) on nuclear inspections, and holding a third round of high-level talks.

Ho Chong, deputy chief of the North Korean mission to the United Nations, explained Pyongyang and the IAEA's agreement to Tom Hubbard, U.S. deputy assistant secretary of state for Asian and Pacific affairs, who welcomed the accord.

C. Kenneth Quinones, North Korea desk officer at the State Department, and Han Song-yol, councilor of the North Korean mission to the world body, accompanied Hubbard and Ho.

Details of the working-level talks were not known immediately, but diplomatic sources here said that the two sides agreed to continue meeting to negotiate the third round of high-level talks. The U.S. side emphasized, however, that a key precondition of the high-level talks is the IAEA's satisfaction with the results of its inspection of North Korean nuclear sites, according to the sources. After the talks on Tuesday, Ho said, "We will continue meeting (with the United States)."

Sources expected the two sides to discuss the agenda, dates and preconditions of the third round of North Korea-U.S. high-level talks through frequent meetings in New York.

Hubbard said he welcomed North Korea's acceptance of the IAEA inspections, but added that Tuesday's working-level talks are no more than a small departure.

Ho said, "Today's talks were held in a friendly and productive atmosphere. I don't think there is any tension caused by the nuclear problem. The tension has been created by the United States and press of the West."

U.S. Sources Cited on Dellums' Pyongyang Trip

SK1602001594 Seoul YONHAP in English 0005 GMT
16 Feb 94

[Text] Washington, Feb. 15 (YONHAP)—Rep. Ronald Dellums, chairman of the House Armed Services Committee, left for North Korea on Tuesday (EST) as Pyongyang offered to accept international inspection of its nuclear facilities, a congressional source said. Dellums "left for North Korea today," said the source, who is well versed in Korean affairs. Asked over the phone if the congressman had left for Pyongyang, his press secretary said, "I can neither confirm nor deny it."

The secretary said he had been told to refrain from making any comments on news reports of Dellums' visit

to North Korea, adding that the congressman would not comment on the reports now. The congressional source said the schedule for Dellums' visit was delayed somewhat because North Korea was late in advising him of the date of arrival in Pyongyang, seemingly because of preparations for Kim Chong-il's birthday celebration.

THE NEW YORK TIMES reported Tuesday that Dellums would fly to Seoul first and then proceed to Pyongyang through Panmunjom, quoting a State Department source.

Dellums' Purported Visit Analyzed

SK1602065394 Seoul YONHAP in English 0626 GMT
16 Feb 94

[Text] Washington, Feb. 15 (YONHAP)—A visit by U.S. House Armed Services Committee chairman Ronald Dellums to North Korea should be viewed as a stride toward solution of the nuclear issue, as well as toward eventual arms reduction on the Korean peninsula, congressional security analysts say. North Korea could use the U.S. congressman's visit as an opportunity to renew its demand that U.S. troops withdraw from South Korea, according to the analysts. Because Dellums' visit has been delayed, some within the government have expressed doubt that the trip would take place at all, they said.

It was North Korea, however, that invited Dellums to visit, and preparations for party secretary Kim Chong-il's birthday celebration must have caused Pyongyang's lateness in advising the congressmen when to come, they stressed.

Noting that Washington and Pyongyang had met recently in New York and elsewhere with the deadline in the International Atomic Energy Agency's (IAEA) standoff with North Korea just a week away, they said the North Koreans and Dellums would make a final decision on the latter's visit if the contacts produced a favorable result. Therefore, they did not rule out the possibility that Rep. Dellums would cancel his visit if the Washington-Pyongyang contacts proceeded unfavorably. But they predicted he would make the visit, though somewhat later than scheduled, in view of Washington and Pyongyang's present relations.

One of the congressional security analysts said the Seoul Government should watch a visit by Dellums closely because he is a congressional dove in dealing with North Korea.

In Pyongyang, he said, House Armed Services Committee chairman Dellums would meet President Kim Il-sung, Foreign Minister Kim Yong-nam and People's Armed Forces Minister O Chin-u, with Seoul needing to take special note of these meetings. It is highly likely that if these meetings are held, both sides will raise the issue of arms reduction on the Korean peninsula, including the U.S. troop pullout from South Korea that North Korea has so determinedly pursued on the strength of its

nuclear arms development program. In that case, the focus of Washington-Pyongyang contacts would shift from Pyongyang's nuclear program to more fundamental issues related to the future of the Korean peninsula. This scenario would require a smooth solution to the nuclear issue and improved U.S.-North Korea relations as prerequisites.

If Seoul felt alienated by an improved U.S.-North Korean relationship, problems would emerge in its ties with Washington, the congressional analyst said, voicing doubt that Seoul could cope effectively with such a change.

A recent U.S. General Accounting Office report on the North Korean nuclear problem says that if South Korean military leaders have doubts about President Kim Yong-sam's policy on this issue, South Korea could be plunged into political unrest.

South Korea is concerned that it could be alienated by American diplomacy toward North Korea on the nuclear issue, dealing a blow to its North Korea policy, according to the report.

A visit by Dellums should be viewed as important not only to the nuclear issue, but also to the far-reaching issue of security on the Korean peninsula, the congressional analysts said.

Papers Speculate on Dellums' Trip

SK1602050194

[Editorial Report] Seoul vernacular daily newspapers on 16 February carry articles speculating on the purpose and background of the purported visit to Pyongyang by Representative Ronald V. Dellums, chairman of the House Armed Services Committee.

The conservative CHOSON ILBO on 16 February carries on page 3 a 1,200-word article by New York-based correspondent Kim Sung-yong entitled "To Play a Messenger's Role To Ascertain 'the North's Intent' First-Hand." The article notes that Dellums' visit is made with 21 February, the supposed deadline for North Korea to accept IAEA inspections, only a few days away, and adds: "Many hold expectations that he will play the role of messenger to make a first-hand ascertainment of the North Korean leadership and to precisely convey the U.S. position, though his visit may not directly offer a key to resolving the issue." The article then notes: "There is a possibility that North Korea may try to use Dellums' visit as a propaganda opportunity to stress its rationale for its present position."

The moderate HANGUK ILBO on 16 February carries on page 3 a 1,300-word article by New York-based correspondent Kim Su-chong entitled "Why Is the Chairman of the U.S. House Armed Services Committee Visiting Pyongyang?" The article notes optimistic expectations held by some that "Chairman Dellums' visit to Pyongyang could contribute to the resolution of the North Korean nuclear issue." The article then notes:

"The United States could send a letter from President Clinton to Kim Il-song or explain the atmosphere of the U.S. Government and Congress to the North Korean ruler." The article then observes that "Dellums likes to utter the theme 'peace is my passion,' and Pyongyang might have interpreted it to represent a personal trait, making it easier for him to generously appreciate Pyongyang's position, according to one analysis."

The moderate KYONGHYANG SINMUN on 16 February carries on page 3 a 900-word article by Washington-based correspondent Kim Hak-sun entitled "Why Is the Chairman of the U.S. House Armed Services Committee Visiting Pyongyang?—The 'Final Mediator' for the North Korean Nuclear Issue—'In-Depth Dialogue' May Be Possible as a Dove." The article begins by noting the significance of Chairman Dellums' visit to Pyongyang in light of the possibility that he is carrying a personal letter from President Clinton and in light of his position in Congress and his capacity to precisely convey the U.S. position to the North Korean authorities. The article then notes, "The fact that he is one of the most moderate doves in the U.S. Congress might give North Korea credibility." The article then notes: "It is not certain whom Chairman Dellums will meet when he goes to Pyongyang, but because he will probably be carrying a letter from President Clinton, he may well be meeting President Kim Il-song. President Kim Il-song will probably make extra efforts to heartily welcome him, according to Washington's North Korean experts."

Asst. Minister Predicts Restoral of N-S Talks

SK1602070394 Seoul YONHAP in English 0652 GMT
16 Feb 94

[Text] Seoul, Feb. 16 (YONHAP)—Assistant Foreign Minister Choe Tong-chin said Wednesday there has been no talk of resuming inter-Korean dialogue, but he expected action by Pyongyang shortly as it is a prerequisite to a third round of high-level North Korea-U.S. talks. Choe cautiously predicted resumption of inter-Korean dialogue, while elaborating on the surprise news that Pyongyang had agreed to full-scale nuclear inspections by the International Atomic Energy Agency (IAEA) in a government-party meeting at the Democratic Liberal Party (DLP) headquarters.

An IAEA inspection team may leave for Pyongyang as soon as this weekend, Choe reported to party policymakers.

Under a previous agreement worked out at talks in New York last December, North Korea can begin the third round of high-level talks with the United States only when it makes significant progress in inter-Korean relations such as an exchange of envoys, Choe explained.

The third Pyongyang-Washington talks will touch on a wide range of issues including North Korea's complete return to the nuclear non-proliferation treaty, sincere implementation of the declaration on a nuclear-free

Korean peninsula, and improvement of bilateral relations in the political, economic and security areas, he said.

With its acceptance of IAEA inspections, Pyongyang is expected to open dialogue channels with the United States, South Korea and the UN nuclear watchdog, he added.

Choe declined to comment on whether North Korea has agreed to the special inspections repeatedly requested by the IAEA.

Government Preparing Strategy

*SK1602122994 Seoul YONHAP in English 1217 GMT
16 Feb 94*

[Text] Seoul, Feb. 16 (YONHAP)—The government on Wednesday embarked on preparing a concrete strategy to promote the South-North dialogue now that North Korea has disclosed the willingness to accept inspections of its nuclear facilities by the International Atomic Energy Agency (IAEA). An initial strategy meeting was held at the office of South-North dialogue under the chair of Vice Unification Minister Song Yong-tae on Wednesday afternoon.

No contents of the talks were formally disclosed. But, a government source said the attendees decided to try to resume the deadlocked working-level talks at the earliest possible date with an aim to materialize the exchange of special envoys next month.

The strategy will be further reviewed by a unification-related ministers meeting to be presided over by Prime Minister Yi Hoe-chang on Thursday, the source said.

At Wednesday's meeting, the source said, it was decided that the South would propose to resume the working-level talks if North Korea does not offer it first within next week.

The Seoul government hopes to resume the working-level talks suspended since last October toward the close of this month or early next month, he said.

If North Korea proposes the resumption of the talks first, the South plans to cope with it flexibly even if North Korea offers a meeting other than the exchange of special envoys, the source said.

At the moment, however, there is no change in the government policy to materialize the exchange of special envoys at the earliest possible date, the source said.

"We plan to promote South-North working-level contacts early so as to facilitate the first-round exchange of special envoys next month if possible," a government official said.

Saying that officials of related government offices like the National Unification Board have begun to work out

a strategy for the resumption of the South-North dialogue, he said the Seoul government may be the first to propose the exchange of special envoys depending on the attitude of North Korea.

Chong Chong-uk, senior Chongwadae [presidential offices] secretary for foreign affairs and national security, said, "We expect working-level talks will be resumed to discuss the proposed exchange of special envoys soon after the International Atomic Energy Agency began inspection of North Korean facilities."

It has already been agreed that when IAEA begins inspection, an inter-Korean working-level contact would take place before long, Chong said.

Government 'Studying Suspension' of Team Spirit

*SK1602070694 Seoul YONHAP in English 0649 GMT
16 Feb 94*

[Text] Seoul, Feb. 16 (YONHAP)—The government is studying suspension of the joint U.S.-South Korean military exercise "Team Spirit" this year in the wake of North Korea's acceptance of outside inspection of its nuclear facilities. One Defense Ministry source said Wednesday that the government had decided earlier to hold Team Spirit if the North Korean nuclear issue was not resolved. Since Pyongyang has said it will allow the International Atomic Energy Agency (IAEA) to conduct inspections, however, the government can consider suspending the exercise, he said.

Team Spirit could be suspended if it contributed to resolution of the nuclear issue and stability on the Korean peninsula, the official said, requesting anonymity. But there is still a possibility that North Korea is employing delaying tactics in its negotiations with the IAEA to force postponement of Team Spirit beyond March, when the exercise was originally scheduled, he said. The government, therefore, will make a final decision on Team Spirit after watching developments in the North Korean-IAEA negotiations, the official said.

In other words, the government will wait until the IAEA concludes that it can maintain continuity in nuclear safeguards in North Korea before making a final decision on the exercise, he said. South Korea and the United States are expected to make a joint announcement on Team Spirit at the end of this month or in early March, the official added.

Kim Il-song Said To Propose Talks With Clinton

*SK1502235894 Seoul KBS-1 Radio Network in Korean
2200 GMT 15 Feb 94*

["AFP/YONHAP report from Tokyo"]

[Text] Citing an ROK source, Japan's Jiji News Agency reports that North Korean President Kim Il-song seems to have proposed, through the Reverend Billy Graham who visited North Korea, talks with U.S. President

Clinton. JIJ reported that President Kim Il-song proposed that special envoys be exchanged prior to his talks with President Clinton and that the U.S.-North Korean working-level talks for the preparation of his talks with President Clinton be held in New York.

Kim Chong-il Birthday Events Said 'Scaled Down'
SK1602045794 Seoul THE KOREA HERALD in English 16 Feb 94 p 2

[By staff reporter Yi Myong-hwa]

[Text] North Korea is celebrating the cloistered country's No. 2 man's birthday, Feb. 16, in a less flamboyant manner compared with his previous birthday parties, a development raising speculation about his position and future. The Stalinist country's newspapers, radio stations and televisions are still engaged in the campaign to inculcate loyalty in the people toward Kim Chong-il, son and heir-apparent of the North's supreme leader Kim Il-song. It is reported, however, that various celebrations this year are being held mostly on a domestic basis and on a smaller scale.

The small scale of the celebration has surprised many South Korean experts on North Korea affairs. After no clear step was taken for a power transfer from the aging leader Kim Il-song to Chong-il at the Workers' (Communist) Party central committee meeting and the Supreme People's Assembly held in December 1993, many analysts in Seoul said that Pyongyang was highly likely to announce a final power transfer schedule around Kim Chong-il's birthday this year.

Their predictions were based on the North Korean news media's sudden spate of reports beginning late last year that the junior Kim had joined the party central committee in 1964 and was designated on his father's heir in early 1974.

Churning out those reports, the North's media announced that the junior Kim would mark the 30th anniversary of his political debut as well as the 20th anniversary of his heir-designation on his 52nd birthday in February 1994.

The gist of the so-called "February final power transfer schedule" is that an important turning point for the resolution of the North Korean nuclear issue will be issued in the name of Kim Chong-il and that concrete plans for Kim Il-song to hand over the presidency or party general secretaryship to his son will be made public on that day, according to North Korea observers here.

Recently, however, the thorny North Korean nuclear problem seems to be dragging on with no signs of easing tensions on the Korean Peninsula. Also, there are no clear-cut indications that the junior Kim will consolidate his position around his birthday.

Under these circumstances, some analysts even wonder if the junior Kim may be facing a crisis.

In North Korea, the period from Feb. 16 to April 15, Kim Il-song's birthday, has been designated the "Loyalty Festival Period" since 1976, when the junior Kim's birthday joined his father's as a national holiday. During this period, all North Koreans are mobilized to participate in various congratulatory events across the country. Among major events held or now under way are the fourth 2.16 [February 16] Arts Award, the Athletic Championship for the Mt. Paektu Award, and the third National Exhibition on Youth Science and Technology.

As a prelude to the celebrations, the 2.16 Arts Award opened Jan. 18 and its preliminary contests are under way. Korean musicians in the instrumental and vocal music fields from at home and abroad usually compete with one another. This year, however, overseas Koreans were barred from attending, thereby remarkably downsizing the congratulatory event.

"Annual events are being held there as scheduled, but on a noticeably smaller scale," a high-ranking official at the National Unification Board (NUB) said early this week. He added, however, that he would not jump to the conclusion that the downscaling has some political implications related to Kim Chong-il's status.

In 1993, with Pyongyang heavily bent on escalating the cult of the junior Kim, the streets of Pyongyang were bedecked with 2,160,000 flowers of various kinds to represent his birthday, Feb. 16. Radio Pyongyang reported at the time that the city authorities had been busy cultivating these flowers for the past several months. All gardeners in the country were mobilized to prepare for the birthday festivity.

In sharp contrast, the Administration Council, the North's cabinet, simply ordered flower gardens to be trimmed and ditches to be cleared in downtown Pyongyang late last month.

As of Monday morning, the northern side of the South-North Liaison Office at the truce village of Panmunjom had not informed its southern counterpart of any decision to close its operation for the Kim Chong-il birthday celebration. It has been customary for the North to inform the South liaison officials of a closure two days before the birthday, the NUB official said, adding that the lack of an announcement suggests this year's celebration of the junior Kim's birthday has been scaled down.

Dailies on U.S. Plan To Reduce Forces in ROK
SK1602084994

[Editorial Report] The following is a compilation of reports from the vernacular press published on 16 February pertaining to U.S. Defense Department's long-range plan to reduce U.S. Forces in the ROK.

The moderate daily KYONGHYANG SINMUN in Korean carries a 600-word report by Washington-based correspondent Kim Hak-sun under the headline, "50 Percent of U.S. Ground Forces in the ROK Are To Be

Reduced Under Long-Range Plan—Research and Development Expenses for F-16 Included in U.S. Defense Budget."

The report writes that in an annual defense report to Congress, the U.S. Defense Department revealed that the U.S. ground forces in the ROK consisting of two brigades will be reduced to one brigade. However, the Defense Department is also reviewing "a possibility of deploying more military equipment in the ROK in order to promote capabilities of coping with a U.S. crisis."

The report stresses that "the research and development expenses" for F-16 fighters, which the ROK decided to introduce as "the next-generation fighters" will be increased every year until fiscal year 1996. The report then gives details of the amounts of these expenses to be increased each year.

The leftist-leaning daily HANGYORE SINMUN in Korean publishes on page 3 a 500-word article by Washington-based correspondent Chong Yon-chu, with the headline "Additional Deployment of Weapons Reviewed—the U.S. Defense Report."

Noting that the United States is planning to reduce the scale of U.S. ground forces in the ROK from two brigades to one brigade on a long-range basis, the article says that the U.S. Defense Department pointed out in its annual report to the President and the Congress that "because of North Korea's continued threat, the United States has frozen the withdrawal of U.S. Forces from the ROK, and is modernizing military power of the ROK and U.S. Forces in the ROK." The report also reveals that "the U.S. Defense Department is reviewing a possibility of deploying more military equipment in the ROK in a bid to enhance its capabilities of dealing with the crisis situation."

The article says that according to the report, the budget for purchase of F-16 fighters will be "reduced" each year except 1996 but the "budget for modernization of fighters will be somewhat increased beginning in 1994." The article then gives a detailed amount of the budget for the purchase of F-16 fighters and for their modernization each year.

Defense Ministry on Purchase of F-16 Aircraft
SK1602010294 Seoul THE KOREA HERALD in English 16 Feb 94 p 3

[Text] The 120 updated F-16 fighter aircraft South Korea is to introduce under the Korean Fighter Program (KFP) has no connection with the used F-16s the Pentagon is reportedly planning to sell to allied countries including South Korea, the Defense Ministry said yesterday.

Commenting on a WALL STREET JOURNAL report that the Pentagon is to export various used aircraft and

warships to save defense costs, a ranking Defense Ministry official said that Seoul has at present no plan or intention to buy the used U.S. weaponry.

"Especially, the F-16s we are going to buy or co-produce under the KFP are the latest model and quite different from the old models involved in the report," said the official.

The JOURNAL reported in its Monday edition that the U.S. government is considering selling 400 F-16s at about \$4.8 billion, an amount that covers the whole KFP project. Also included on the sell-off list are C-130 transport aircraft made by Lockheed, Boeing KC-135 in-flight tankers, warships, armored vehicles and tankers, the JOURNAL said.

"The F-16 Fighting Falcons we are going to introduce belong to the block/50 category, the latest model which began to be manufactured only in 1991, and I hope our people will not confuse the F-16s under the KFP with those reportedly in the U.S. sell-off list," said the official.

Under the KFP to upgrade the Air Force, South Korea is to buy 12 finished F-16s by April 1995, assemble 36 and produce 72 others under license from Lockheed by 1999.

Daily Writes on U.S.-Japan 'Trade Friction'
SK1602141994

[Editorial Report] The moderate daily HANGUK ILBO in Korean on 16 February publishes on page 5 a 1,500-word article by reporter Yun Sun-hwan, entitled "U.S.-Japan Trade Friction and Its Affect on ROK—Yen Value Is Soaring... 'A Green Signal' for ROK Export."

Explaining that the skyrocketing of the value of the yen in foreign exchange markets in Tokyo and in New York is an "aftereffect" of the U.S.-Japan "trade war," the article says that the trade conflict between the two nations increases "tension" and thus people pay attention to what "aftereffects" will be brought to our country's exports to the United States and to our "overall economy." Predicting that the United States will maintain the current high-yen-value foreign exchange policy until Japan guarantees its policy to reduce its "black figures" in trade with the United States, the article says that the "high value of the yen" will likely give "benefits" to our enterprises in the export of their products to the United States. The article points out that with a high yen value, the sale of Japanese automobiles in U.S. markets has been "reduced" and taking advantage of this, the ROK automobiles are "encroaching upon" Japan's markets to "a considerable extent." When the United States actually takes "concrete trade retaliation" against Japan, exports of our "major export items" including automobiles, semiconductors and computers, to the United States are expected to "expand."

The article stresses that U.S.-Japan trade conflict may also result in "great burdens" that our country can hardly endure because the United States regards the

ROK as "a second Japan," and points to "differences" claimed by the United States and our country in calculating black figures in trade last year between the two countries.

The article adds that our enterprises pay the "keenest attention" to whether the U.S. Trade Law Super 301, which makes "indiscriminate trade retaliation" possible, will be "revived" or not, noting that if this is revived, not only Japan but also our country will suffer "great damages." The article notes that if our country is designated as an "unfair trade state," the United States will "drastically increase" tariffs on automobiles and other items manufactured by our country and, thus, will take "retaliatory action" as freely as it wants.

The article notes that major domestic business groups and relevant organizations began to analyze the "effects" resulting from U.S. "sanctions" against Japan and from the "skyrocketing yen value" to our "export front," believing that the U.S. trade retaliation against Japan is "imminent."

Government To Prepare for Japan Culture Influx

SK1602020694 Seoul YONHAP in English 0810 GMT 15 Feb 94

[Text] Seoul, Feb. 15 (YONHAP)—The government and the ruling Democratic Liberal Party have agreed on the need to prepare the country for an inflow of Japanese cultural products in the face of internationalization and market opening, though these trends are not the critical factor in light of the present national sentiment against Japan. The agreement, reached at a joint government-party meeting held on Tuesday, is considered a change from Seoul's policy against imports of Japanese culture, especially music and films.

Culture and Sports Minister Yi Min-sop represented the government at the joint meeting, while Rep. Paek Nam-chi spoke for the party in his capacity as chief policy coordinator. Emerging from the meeting, Paek said President Kim Yong-sam would not say anything about opening the arts market to Japan during his summit with Prime Minister Morihiro Hosokawa in Tokyo next month. Opening the arts market to Japan is not a matter of consideration in view of the national sentiment against the Japanese today, he added.

"But we've agreed that the nation should make all necessary preparations for the inflow of Japanese arts to ride the internationalization and market opening trends," he said.

The government and the ruling party also agreed to demolish the former Japanese colonial government building in Seoul as scheduled, though this has drawn both praise and criticism from the public.

Shipping Routes To PRC, Russia Open 'Next Year'

SK1502025494 Seoul YONHAP in English 0109 GMT 15 Feb 94

[Text] Seoul, Feb. 15 (YONHAP)—The northern sea routes between South Korea and China as well as South Korea and Russia will be opened to all shipping companies next year, the Maritime and Port Administration (MAPA) said on Tuesday. At present, the route between Korea and Russia is open only to Far Eastern Shipping Corp. (FESCO) of Russia and Hyundai Merchant Marine Corp. of Korea. FESCO operates one ship on the route and Hyundai runs two vessels. The route between Korea and China is open only to joint-venture shipping companies between the two countries.

MAPA has barred other shipping companies from using the routes because Russian and Chinese shipping companies collect far lower charges than Korean lines. With the decision, shipping companies from any country that meet certain qualifications will be permitted to operate between Korea and China and between Korea and Russia next year. They will also be allowed to transport cargo or containers from Russia or China to the United States or Europe via Korea.

Charges are expected to drop considerably as many shipping companies start plying the routes, and transportation of cargo will become easier. The move is aimed at activating sea transportation in Northeast Asia, a MAPA official said.

Tunisian Science Official Seeks High Technology

SK1602063594 Seoul THE KOREA HERALD in English 16 Feb 94 p 3

[By staff reporter Choe Sang-hun]

[Text] Tunisia is seeking South Korean expertise in the high-tech fields of biotechnology, nuclear research techniques and computer and information technology, said a top science administrator from the North African country.

"South Korea has done a lot in acquiring advanced Western technologies and we want to learn from their experience and see what Koreans could do for our high-tech efforts," said Monji Safra in an interview with THE KOREA HERALD yesterday.

The Tunisian secretary of state to the prime minister in charge of scientific research and technology is here on a three-day visit to prepare a general agreement on science and technological cooperation with South Korea. He met with Science and Technology Minister Kim Si-chung and other South Korean officials and heads of research institutes to discuss such an agreement yesterday.

Safra named biotechnology, nuclear research and computers as potential sectors for bilateral technological cooperation.

"We want to see what our biotechnology centers could do in joint efforts with their South Korean counterparts to improve seeds and increase agricultural productivity," he said.

Tunisia also has an ambition of becoming the chief provider of computer software for Arab and African countries, especially software adopted for the needs of small businesses. The country is investing heavily in telecommunications. For example, it is interested in developing software needed to monitor satellites because one of the Arabsats is monitored from Tunis, Safra said. The Tunisian official also said his country is planning its first nuclear research center to promote the peaceful use of nuclear technology for medical, agricultural and industrial purposes.

"And we hope South Korea will help us by sending experts to give us advice on building nuclear laboratories, which are urgently needed," he said.

Although some private South Korean companies are already operating in Tunisia, Safra's visit marks the first big commitment to establish bilateral technological ties at an official level.

During his stay here, Safra visited Taedok Science Town and six research institutes, including the Korea Institute of Science and Technology, to discuss an exchange of researchers.

Korea International Cooperation Agency has agreed to offer three scholarships for Tunisian researchers to attend seminars and study in research institutes here.

"This cooperation on the official level will certainly help lay the foundation for more cooperation in the private sector," Safra said.

Samsung is already in Tunisia assembling microcomputers and Goldstar is producing household electric appliances there.

For foreign investors, there could be little doubt about the importance of Tunisia's geographical location, Safra said. The North African region has 60 million people and Europe is directly across the Mediterranean Sea.

"By being in Tunisia, foreign companies will be in a position not only to expand into the North African market but also to use it as a gateway to the European market," Safra said.

Tunisia plans to open two free trade zones this year where foreign investors can work without any taxes and use cheap local labor on a contract basis so that they will not have to pay social taxes or comply with local labor regulations. As long as the local value added is more than 40 percent of the value of a product, the product is considered Tunisian, and almost all Tunisian products get free access to the European market except for a few agricultural products.

Safra leaves the country today. His visit here included a meeting with Vice Foreign Minister Hong Sun-yong, where he said he made clear his country's position that every country in the world, including North Korea, must allow nuclear inspections by the International Atomic Energy Agency (IAEA). Tunisia is a member of the board of IAEA.

Government Retains Option To Levy Tariffs

SK1502030594 Seoul THE KOREA HERALD in English 15 Feb 94 p 8

[Text] The government has decided to retain the right to levy tariffs on 250 import items, including textiles, footwear and glass, either in proportion to their value or volume, the Ministry of Finance said yesterday.

The option to impose ad valorem rates or special rates in proportion to volume on the 250 imports will be contained in the country schedule of tariffs the government is scheduled to submit to the General Agreement on Tariffs and Trade today, the ministry said.

Special rates applied in proportion to volume can be applied to control imports of low-priced textiles, footwear and other products from developing countries in particular.

Currently, the government applies special rates on 21 types of film for movie production in proportion to import volume.

In the tariff schedule on the trade of agricultural products, industrial products and services, the government will commit itself to the reduction of agricultural subsidies from 1,718.6 billion won in what is called the total aggregate measurement of support to 1,490 billion won in 2004, said the Ministry of Agriculture, Forestry and Fisheries.

During the 1989-91 base years, the total aggregate measurement of support amounted to 1,568.4 billion won for rice production, 52.3 billion won for barley production, 72.9 billion won for soybean production, 22.6 billion won for corn production and 2.4 million for rape seed production.

In the Uruguay Round multilateral trade negotiations, which were concluded Dec. 15 last year, the government committed itself to the opening of the domestic agricultural market to imports and tariff cuts. Under the Uruguay Round, Korea will have to increase its rice imports from 1 percent of its needs in 1995 to 4 percent in 2004. The government is required to open the domestic market wider for other agricultural products, beef, pork and chicken through tariffication, quota increases and liberalization.

During the 10 years from next year, the government will have to cut the average concessionary tariff rates on industrial and fishery products from 17.9 percent in the 1986 base year to 8.1 percent in 2004.

With applied rates standing 7.9 percent now, the Ministry of Finance said, the scheduled concessionary tariff cut will have little impact on Korea's imports.

Applied rates on only 10 nonferrous metals are now higher than concessionary rates, or rates the government will commit itself to in its country schedule of tariffs to be submitted to the GATT, the ministry said.

The government will also commit itself to reducing tariffs on 128 items in 10 sectors, including steel, construction equipment and agricultural machinery, to zero rate during the next 15 years.

As a result of tariff cuts and removal, the ministry said, revenues from import duties will begin to decline in 1998.

Changes in Military Over Past Year Reviewed

SK1502143594 Seoul CHUNGANG ILBO in Korean
15 Feb 94 p 5

[By Kim Chun-pom]

[Text] The military has undergone painful changes and reforms since the new government was inaugurated and it is getting a new look.

The following are the major changes made in the military over the past year: The establishment of an atmosphere for discussions in military camps; the disbanding of the officers wives associations; the increase of personnel driving their cars as opposed to using chauffeurs; the establishment of a self-regulating leave system; the removal of unnecessary paperwork; proper guidance for environmental protection; and the reduction of the military office of protocol at Kimpo Airport.

Among these changes, the new system for the smooth communication between officers and enlisted men in military camps presents a striking contrast to the past authoritarianism. The Army, Navy, and Air Force frequently hold various get-togethers and forums ranging from staff officers meetings to soldiers free discussions, with an unprecedented activeness in helping facilitate smooth verbal communication between officers and enlisted men.

Participants of these meetings freely express their own opinions, in contrast to the past when both officers and enlisted men could hardly put their thoughts into words because they were studying their officers' faces. Soldiers came to often sharply point out their commanders' merits and demerits.

The military authorities explain: An atmosphere for free discussions has been vitalized mainly because most soldiers were born in or after the seventies, when the country was rapidly growing, and belong to the new generation and because over 80 percent of them are high school or upper secondary school graduates.

As the officers wives associations, which had played the role of channel for asking personnel favors among military officers, has completely been disbanded over the past year, the phrase in vogue "A colonel's wife is a general" has become an archaic saying.

Activities of the wives associations led by the wives of the Army, Navy, and Air Force chiefs of staff included some positive ones. They supported helpless people and paid visits of inquiry to soldiers. The associations, however, were disbanded and their official activities have been completely forbidden since last year when it was revealed that they influenced military reshuffles. At present, the Navy and Air Force strictly control all visits to the chief of staff office by the officers and their wives. As the system of assigning some soldiers as chauffeurs for generals was removed last year, their families and even generals drive their cars when they are using them for unofficial purposes, creating an increase of personnel driving their cars instead of using chauffeurs.

Despite the military service regulations' guarantee for leave, officers and soldiers could not take their leave in the past, because they had to read their commanders' mind. "Taking leave by reading their commanders' mind" has become old-fashioned these days, because most officers and soldiers seem to believe that taking their leave is a kind of the continuity their work performance.

For an example, Cho Kun-hae, chief of the Air Force, could not take his summer leave last year, but most of his staff members enjoyed their leave without reading their chief's mind.

Red tape, which has been regarded as a traditional bad habit of the administrative organization, has been gradually improved. The Army, Air Force, and Navy have set up computer networks and computer terminals in their military units to reduce inefficiency of their administrative activities caused by the excessive work needed to prepare many documents. They have decided to gradually expand the method of approval through computers.

The Army's understanding of the environmental pollution issue, which was neglected by people over the past years, has been largely changed. As a result, the Army has recently set up a new section, which will mainly deal with environmental issues, to actively participate in preparing for the prevention of air pollution. It has set up space to separately collect garbage and to recycle the used resources and has established a sewage disposal plant.

Moreover, the Defense Ministry has largely cut the size of the military protocol office at Kimpo Airport. This office has created the social disharmony between the people and the Army by giving priority seating in airplanes to military personnel and in clearing customs at Kimpo Airport. Accordingly, it has closed the VIP room in the domestic airline waiting room. The VIP room at the international airline waiting room is being operated by a small number of military personnel.

Ministry To Improve Supervision of Inspectors

SK1502025194 Seoul THE KOREA TIMES in English
15 Feb 94 p 9

[Text] The Ministry of Finance [MOF] will strengthen its monitoring of inspectors of the three financial supervisory organizations to root out irregularities alleged to be prevalent between auditors and financial services companies. The MOF also asked the Office of Bank Supervision, the Securities Supervisory Board and the Insurance Supervisory Board to regularly gather opinions from financial institutions on the attitude of inspectors.

If inspectors are found to have been engaged in such irregularities as receiving kickbacks, influence-peddling and favoritism, they will be subject to disciplinary action, the MOF said.

Heads of the three supervisory organizations will be directly involved in weeding out unethical and rule-breaking inspectors, the MOF said. Auditing departments will be under the direct control of the heads of these regulatory organizations.

The MOF yesterday unveiled a program to reform financial market supervisory system as complaints have been growing over the attitude of financial inspectors. The action also follows a directive from Chongwadae last year, which called on the MOF to come up with ways of reforming the nation's financial supervisory organizations. But many analysts said the reform move may discourage inspectors from safeguarding the soundness of the financial system.

When inspectors show an arrogant and high-handed attitude in their inspection of financial institutions, they will face reprimands, it said.

To root out irregularities, the MOF has called on the supervisory organizations to stop engaging in "inspections for revelation or demonstration purposes," it said. The focus of the supervision will be placed on helping financial institutions improve their managerial performance or to take preventive action, the MOF said.

Regulators will limit their inspections mostly to head offices and inspection of branches will be made on an exceptional basis. Inspectors will be discouraged from making personal visits to financial institutions and instead they will devote their auditing to combing through documents the MOF said.

The three supervisory organizations will develop computer systems to expand document-oriented inspections of financial institutions, the MOF said. Regulators will no longer specify the degree of punitive action against junior staffers who are found to have violated rules. Instead, they will notify financial institutions of staffers who violate rules and permit financial institutions to take their action at them.

The regulatory agencies will be told to bolster the function of units which solve complaints from consumers.

For scientific and rational audits, inspectors will be given the opportunity to go overseas to observe practices in foreign supervisory organizations, the MOF said.

The three supervisory organizations will soon initiate revamping of their units and structures for raising the degree of efficiency and modernization the supervisory system.

The MOF's assistant finance minister will meet each month with heads of the three financial supervisory organizations.

Semiconductor Industry Expects Increased Exports

SK1602020294 Seoul YONHAP in English 0713 GMT
15 Feb 94

[Text] Seoul, Feb. 15 (YONHAP)—The South Korean semiconductor industry began this year with an unprecedented increase in exports, the Korean Semiconductor Industry Association and other business sources said on Tuesday. Global demand for semiconductors continued to rise early this year and exports of South Korean semiconductors soared last month. Exports are expected to increase further in the second half of this year when full-fledged exports of 16 mega DRAMs [dynamic random access memory] begin.

Samsung Electronics Co. exported 248 million U.S. dollars worth of semiconductors in January, up 82.3 percent from a year ago. The figure marks Samsung's biggest export rate increase on a monthly comparison basis since 1990.

Semiconductor exports by Goldstar Electron Co. increased 48.6 percent from 74 million dollars in January last year to 110 million dollars last month.

Hyundai Electronic Co., which produces semiconductors mainly by assembling parts on already designed wafers, expanded its integrated processing production system which includes design, wafer processing and assembly this year to increase the added value of its exports. Hyundai exported 83 million dollars worth of semiconductors in January this year, up 73 percent from 48 million dollars a year earlier. Hyundai's proportion of integrated processing exports to exports of assembled semiconductors was one to two last year, but last month the proportion changed to three to one.

Anam Electronics Co., which assembles only semiconductors, exported 155 million dollars worth last month, up 35.6 percent from the same month last year.

Korean semiconductor makers plan to invest three trillion won (about 3.7 billion U.S. dollars) in facility investment this year.

A business source said, "demand for 4 mega-DRAMs will soar to the peak this year, and demand for 16 mega-DRAMs will begin to increase rapidly from the second half of this year. South Korea's semiconductor exports are thus expected to easily surpass 10 billion dollars this year."

Burma**Aung San Suu Kyi To Stay Under House Arrest***BK1502153094 Hong Kong AFP in English 1248 GMT 15 Feb 94*

[Excerpts] RANGOON, Feb 15 (AFP)—A senior Burmese said Tuesday that dissident Aung San Suu Kyi would remain under house arrest until 1995, ending speculation the Nobel laureate would soon be freed from nearly five years' detention.

Deputy intelligence chief Colonel Kyaw Win told visiting Japanese reporters the security act under which Aung San Suu Kyi was held came into effect in July 1990, and the previous year of detention was considered an "arrest period."

His remarks came amid mounting speculation that the diminutive dissident might be released on or around the fifth anniversary of her detention, next July, because Burmese law permits house arrest for a maximum of five years. [passage omitted]

Kyaw Win, meanwhile, said the military government was willing to talk with Aung San Suu Kyi if she makes an official request for a dialog, and the only question was at what level the meeting should be held. The Japanese journalists quoted him as saying that the dissident's "rudeness and arrogance" in dealing with the ruling junta, the State Law and Order Restoration Council (SLORC), was one factor in deciding whether she should meet SLORC leaders or lower officials.

The colonel said the junta had let Richardson meet with Aung San Suu Kyi because he had asked for the meeting "as her personal friend" and she had agreed to it. Kyaw Win added that the SLORC was totally unconcerned about international pressure to release the dissident and would continue to act as it sees fit.

Richardson and Raheem on Tuesday visited Insein jail, where Burma holds a number of political prisoners, eyewitnesses said, before Richardson paid a second call on Aung San Suu Kyi. There has been no official word on the substance of the meetings. Terse reports in the Burmese state media said only that Monday's meeting [words indistinct] place. But informed sources said Richardson, a Democrat from New Mexico, handed a personal letter to Aung San Suu Kyi from US President Bill Clinton on Monday, and that she had vowed to continue to champion the cause of democracy. No Burmese government officials attended the Monday meeting, but a US Embassy representative and US journalist were present, reportedly at the request of the dissident herself. [passage omitted] A source present at the Monday meeting told AFP that Aung San Suu Kyi looked well: "She is fine. She was smiling, but she looked a little sad, too." She was wearing a plain brown Burmese dress when she met with her visitors. She appeared much thinner, but otherwise in good health, the source said. [passage omitted]

Richardson met Burma's powerful intelligence chief, Lieutenant General Khin Nyunt, on Monday and was to have met senior SLORC officials again Tuesday before leaving for Bangkok in the evening. Richardson is a member of the Congressional committee monitoring human rights under the Helsinki agreement and is said to be a close friend of President Clinton.

Energy Delegation Departs for Indonesia 15 Feb*BK1502161994 Rangoon Radio Burma in Burmese 1330 GMT 15 Feb 94*

[Text] A four-member Myanmar [Burmese] energy delegation led by Energy Minister U Khin Maung Thein left Yangon [Rangoon] by air this morning for a one week study tour of energy enterprises in Indonesia at the invitation of the Indonesian minister of mining and energy.

Cambodia**26 Jan-4 Feb Actions in Kompong Cham Reported***BK1602033294 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 15 Feb 94*

[Text] 1. On 26 and 27 January, the people and the National Army of Democratic Kampuchea [NADK] ambushed attacking forces of the communist Vietnamese puppets and the two-headed government west of Areak Thnaot commune in Stoeng Trang District, Kompong Cham Province. As a result, we killed three enemy soldiers and wounded six others, destroyed a military vehicle, and seized some war materiel.

2. On 2 and 4 February, the people and the NADK ambushed and routed attacking troops of the communist Vietnamese puppets and the two-headed government west of Sam Sep Pi village, (Mesar Chrey) commune, in Kompong Cham Province's Stoeng Trang District. We killed two enemy soldiers and wounded three others, destroyed two AK rifles, and seized an AK rifle and some war materiel.

3. Also on 2 and 4 February, the people and the NADK ambushed and completely routed attacking forces of the communist Vietnamese puppets and the two-headed government in Bek Anloun area, Stoeng Trang District, Kompong Cham Province. We killed three enemy soldiers and wounded four others and seized three AK rifles and some war materiel.

8-10 Feb Actions in Kompong Chhnang Listed*BK1602024694 (Clandestine) Voice of the Great National Union Front of Cambodia in Cambodian 2330 GMT 15 Feb 94*

[Text] 1. On 8 February, leaders of the communist Vietnamese puppets and the two-headed government forced their troops to attack the people and the National

Army of Democratic Kampuchea [NADK] between Romeas and Kbal Toek in Toek Phos District, Kompong Chhnang Province. They were, however, ambushed by the people and the NADK. We killed two and wounded three others, destroyed a jeep, and seized a quantity of war materiel.

2. On 9 February, the NADK and the people ambushed the attacking troops of Vietnam's puppets and the two-headed government near Romeas in Toek Phos District, killing one and wounding two, and seizing some war materiel.

3. On 10 February, the people and the NADK ambushed and routed a platoon of troops of the communist Vietnamese puppets and the two-headed government in Kaoh Ta Mau area, Toek Phos District, Kompong Chhnang Province. As a result, we killed two and wounded one and seized an AK rifle and some war materiel.

The people and the NADK are in control and are the masters of the entire Kaoh Ta Mau area.

Laos

Deputy Minister on Regional Growth Projects

BK1602102194 Vientiane PASASON in Lao 7 Feb 4 p 2

[Text] The political trend in the region as well as the rest of the world now favors our national development and construction. It has resulted in good cooperation in implementing the market-oriented economy mechanism. Noteworthy is the present trend in economic relations, which continues to brighten. In light of this atmosphere, a PASASON newspaper correspondent had the honor of interviewing Himmakon Manotham, deputy minister of communications, transport, posts, and construction. In the interview, Himmakon talked about the construction of roads to link northern Laos with foreign countries, a subject of great interest to the masses.

Asked about progress in developing this system of communications lines and postal service, Himmakon said: Following the second meeting of Laos, Thailand, Vietnam, Cambodia, Myanmar [Burma], and China on economic development in the subregion, which was held in Manila, capital of the Philippines, in 1993, the Lao People's Democratic Republic [LPDR] Government has sought funds for development projects. It has also held bilateral consultative meetings with friendly, neighboring countries to find ways and means to improve communication lines, border transit transportation, and intercommunication service in order to enable the countries in this region to cooperate in building infrastructure with a view to creating favorable conditions for economic and trade development, and the development of human resources.

Lately, we have participated in a meeting including Thailand, Myanmar, and China in Bangkok and a high-level technical meeting of the four countries in Kunming

to discuss the possibility of building regional communications lines (both overland and waterborne) to link the four countries.

For its part, the LPDR Government has authorized the (Vicno) Company of Thailand to invest in exploiting coal in Viang Phoukha, Bokeo Province, and building a road linking Houai Sai and Viang Phoukha. In addition, it has granted an authorization for the (Usafamily) Company of Thailand to conduct surveys and plan a design for the construction of a road linking Houai Sai and Luang Namtha Province and to find funds for the construction of a road linking Viang Phoukha and Namtha. Regarding this, the LPDR Government has received cooperation from the World Bank which has granted loans to the LPDR for implementation of comprehensive development projects in Luang Namtha Province. The projects include repairing two roads to provide conveniences for vehicles to travel during the dry season—one is the road linking Viang Phoukha and Namtha and another is the road linking Sing District and Siangkrok which is an area bordering Myanmar.

With regard to the development of waterborne communication lines, in 1993 our government granted authorization to a technical team from Yunnan Province in the PRC to make surveys and collect technical data along the Mekong River, from the Chinese border to Luang Prabang. The survey work is complete and various courses of action are under consideration.

The deputy minister added in conclusion: Regarding the development of Routes 1, 2, 3 and 4 which involve various countries in this region, the LPDR Government invested in repairing them regularly. The loans used for these repairs have been obtained from the Asia Development Bank. All these are to create favorable conditions for the expansion of economic relations and the exchanges of visits between the peoples of Laos, Thailand, Myanmar, and the PRC in the future.

Regarding the use of the Mekong River as the primary waterborne communication route among these countries, appropriate methods and principles are being studied for implementation. As the Mekong does not belong to any particular country in the region, to make use of this significant river it is necessary for the countries to discuss details on utilization of the river. The International Mekong Organization may take an important role in making this river significant in the economic development of the region.

Prime Minister Meets Cambodian Defense Minister

*BK1502141394 Vientiane KPL in English 0938 GMT
15 Feb 94*

[Text] Vientiane, February 15 (KPL)—Prime Minister Khamtai Siphandon of the Lao People's Democratic Republic, yesterday received at the Prime Minister's

Office a delegation of the Ministry of Defense of the Kingdom of Cambodia headed by its minister, General Tie Chamrat.

During the cordial meeting, Prime Minister Khamtai Siphandon described the visit as a contribution to the strengthening of relations of friendship and cooperation between Laos and Cambodia for the benefit of the two peoples.

The Cambodian delegation, arriving here on February 11 on a cordial visit to Laos at the invitation of the Lao minister of national defense, Lt. Gen. Choummali Saignason, returned home yesterday.

Messages of Thanks Received From Burmese Leaders

BK1602110694 Vientiane KPL in English 0818 GMT 16 Feb 94

[Text] Vientiane, February 16 (KPL)—Prime Minister Khamtai Siphandon has recently received a message of thanks from Senior General Than Shwe, chairman of the State Law and Order Restoration Council, prime minister of the Union of Myanmar [Burma].

The message expressed sincere appreciation of [the] Myanmar prime minister to the Lao prime minister for the warm congratulations extended to him on the occasion of the independence day of the Union of Myanmar.

"I fully share your sentiments for the further strengthening of the existing cordial ties between Myanmar and Laos," the Myanmar leader said in his message.

Foreign Minister Somsavat Lengsavat also received thanks from his counterpart of Myanmar, U Ohn Gyaw, for extending congratulations on the same occasion.

"I fully share your confidence that the ties of friendship and cooperation existing between our two countries and people will be further strengthened," the Myanmar foreign minister said in his message of thanks.

Parliamentary Relations Viewed With Thai Group

BK1502141194 Vientiane KPL in English 0807 GMT 15 Feb 94

[Text] Vientiane, February 15 (KPL)—Delegations of the Lao National Assembly and the Thai Parliament met here yesterday to discuss further relations and cooperation between the two legislative bodies.

The Lao delegation headed by Mr. Souphanthaheuangsi Sisaleumsak, National Assembly member and deputy head of the National Assembly Foreign Relations Commission, while the Thai side was led by Prof. Prasop Rattanakon, chairman of the Thai Parliament's AIPO [ASEAN Interparliamentary Organization].

The discussion was designed to develop parliamentary relations and cooperation between the two countries,

particularly between the Lao National Assembly's Interparliamentary Union and the Thai Parliament's AIPO.

The sides discussed and exchanged experience on parliamentary activities in order to win good understanding from friendly countries and international parliamentarians about the reality of Laos. They appreciated the growing relations between the two National Assemblies.

The Thai Parliament's delegation arrived in Vientiane on February 14 on a two-day official visit to Laos at the invitation of the Lao National Assembly.

Philippines

Ramos Refuses Apology for Taiwan Leader's Visit

BK1502131294 Hong Kong AFP in English 0914 GMT 15 Feb 94

[Text] MANILA, Feb 15 (AFP)—Philippine President Fidel Ramos will not apologize to China for meeting President Li Teng-hui during the Taiwan leader's four-hour stopover north of the capital last week, his spokesman said Tuesday.

"Whoever said or recommended that should review the One-China policy," Press Secretary Jesus Sison said when asked by reporters whether Ramos should offer an apology. [sentence as received]

"President Ramos and the Philippine government have not done anything to violate the provision of the One-China policy. The president of Taiwan came here only for four hours and it was all about trade and investment. We see nothing wrong there," he added.

The Chinese foreign ministry and the local embassy here have strongly protested Li's low-profile visit on Wednesday at Subic Bay Freeport en route to Indonesia and Thailand, saying it was a breach of the policy.

Ramos, whose late father was a longtime ambassador to Taipei, secretly slipped out of Manila to welcome Li in Subic. He also hosted a luncheon for him and his 40-member delegation of senior officials and business leaders. The Philippines has recognized the mainland as the ruler of all China since establishing diplomatic relations with Beijing in 1975, but has recently increased trade contacts with Taipei for economic reasons.

Foreign Secretary Roberto Romulo on Monday also defended Li's visit and his meeting with Ramos, saying Beijing should understand that the Philippines needs investments from Taiwan at a crucial stage when its economy is taking off.

Opposition Senator Francisco Tatad on Monday, however, said that even though only economic issues were discussed, Ramos's meeting with Li was a "political act" and a violation of the One-China policy.

Federico Pascual, a columnist with the mass circulation Philippine Daily Inquirer, described the visit as a "deliberate assault on cordial relations between Manila and Beijing" and suggested the two leaders could have discussed economic issues without meeting personally.

"The two presidents cannot rendezvous in that scandalous manner and, when caught in flagrante delicto, insist that they do not recognize each other," he wrote. But the TODAY newspaper defended Ramos, pointing out in an editorial that the Philippines did not give full planeside honors to Li as it accords to other visiting foreign leaders.

"The surreptitiousness (of the meeting) belies a sovereign intent to accord Taiwan a wider diplomatic recognition beyond the bare essentials of an economic relationship, that, surely, Beijing will not deny us since it enjoys far more of it in southern China," the editorial said. "If anyone should feel offended, it is Taiwan—for a meeting that went more like a liaison than anything else."

Military: No Links Between MNLF and Abu Sayaff

BK1502022394 Manila MANILA BULLETIN in English 11 Feb 94 p 26

[By Sel A. Baysa]

[Text] A top military official said yesterday he sees no direct links between the Moro National Liberation Front (MNLF) and the Abu Sayaff, a breakaway group of the MNLF. "There is no sufficient proof to show of a tie-up between the Abu Sayaff and the MNLF. On the contrary, the Abu Sayaff is bent on sabotaging the ongoing peace talks between the MNLF and the government," Brigadier General Rene S. Dado, AFP [Armed Forces of the Philippines] Civil Relations Service (CRS) chief, said.

He urged the MNLF to stop giving refuge to Abu Sayaff members in their camps to express the MNLF disapproval of their acts of terrorism. "By doing so, the Abu Sayaff will be completely isolated and makes peace-loving and enlightened Muslims happier," Dado added. The CRS chief traced the MNLF's generosity to Abu Sayaff members to old ties among leaders of the two groups. Dado said the Abu Sayaff has only 120 full-time members, not 1,000 as earlier reported.

He denied reports on the guns smuggled in by the Abu Sayaff "which could not be confirmed by military units in the area where the arms landing was supposed to have taken place." He said the Abu Sayaff has adopted a guerrilla strategy.

Roundup of Rebel Activities for 5-11 Feb

BK1502082394

[Editorial Report] The following is a roundup of reports of Philippine rebel activities from Philippine media

monitored by Bangkok Bureau between 5-11 February. Source information is given in parentheses at the end of each item.

5-9 February

No fileworthy items monitored.

10 February

A member of the Mariano Garcia Brigade (MGB), the local New People's Army [NPA] liquidation unit based in Pampanga and operating in Central Luzon was killed during a gunbattle with policemen that lasted for about 15 minutes. A newly-recruited companion was also slain, and three other rebels were wounded. MGB was responsible for the killing of American servicemen in 1987 at the former Clark Air Base. (Manila MANILA STANDARD p 4)

11 February

Twenty communist rebels from Cotabato surrendered to military authorities out of frustration over the turbulent quarrels plaguing the communist movement. The leader of those who surrendered assured the military that he will lead a campaign to win back fellow rebels, persuade them to accept the government's peace offer, and avail themselves of the amnesty program of the government. The rebels turned in 11 firearms, mostly homemade. (Manila MANILA BULLETIN pp 1, 8)

Twelve regular members and supporters of the NPA in Pampanga surrendered to the provincial command of the Philippine National Police. The surrender was the result of successful operations launched by the command last month. (Manila MANILA BULLETIN p 26)

Thailand

Further on Taiwan President's 'Private' Visit

AFP: King To Grant Audience

BK1602080494 Hong Kong AFP in English 0716 GMT 16 Feb 94

[Text] BANGKOK, Feb 18 (AFP)—Thailand's King Phumiphon Adunyadet is to grant an audience Wednesday to visiting Taiwan President Li Teng-hui, a palace official said. The official described the audience as private. Li, who is officially on a holiday tour of the Philippines, Indonesia and Thailand, met Wednesday morning with Thai House speaker Marut Bunnak. His tour has triggered protests from China, which refers to his travels as "vacation diplomacy".

Beijing has said that governments would see their friendly relations with China suffer if they hosted the Taiwan leader.

Plays Golf With Deputy Premier

*BK1502164194 Bangkok THE NATION in English
15 Feb 94 p A2*

[Excerpts] Deputy Prime Minister Amnuai Wirawan played golf with visiting Taiwanese President Li Teng-hui in Phuket yesterday and described the meeting as a private one without political implications. [passage omitted]

Foreign Minister Prasong Sunsiri said he spoke briefly with Amnuai before the latter departed for Phuket. "I have made it clear to Amnuai that Thailand adheres to a one-China policy. He says his planned meeting with Li is an informal one to discuss business matters," Prasong said.

He said he yesterday also reiterated Thailand's one-China policy with China's Ambassador to Thailand Jin Quihua when they were seeing off Czech President Vaclav Havel at the airport. "China should understand Thailand's foreign policy and accept my explanation via its ambassador," Prasong said. [passage omitted]

Prasong said it did not matter if Amnuai received Li or hosted a dinner for him and his entourage on personal level. "I don't believe Amnuai will go to the airport to greet Li on his arrival," Prasong said. [passage omitted]

Further on Amnuai-Li Meeting

*BK1602125594 Bangkok XING XIAN RIBAO in
Chinese 16 Feb 94 p 3*

[By Liu Zhenyan from Phuket]

[Text] Taiwan President Li Teng-hui will make a 7-hour stopover in Bangkok today before departing for Taiwan at 1800 [1100 GMT]. Parliament President Marut Bun-nak, who led a delegation to Taiwan last month, will host a luncheon for Li's delegation.

According to a Taiwan official source, Li Teng-hui hopes to drink "coffee" and meet informally with Prime Minister Chuan Likphai after the luncheon.

Taiwan authorities tried to ask the Thai side to arrange for President Li to have an audience with His Majesty the King before concluding his 3-day "holiday trip" to Thailand. The Thai side has not replied to the request. Their Majesties the King and Queen visited Taiwan 31 years ago. Several royal projects in Northern Thailand have received technical assistance from Taiwan.

Li Teng-hui will leave Phuket for Bangkok at 0900 today. Yesterday, Deputy Prime Minister Amnuai Wirawan—Lin Riguang—played another round of golf with Li Teng-hui and accompanied him on a sightseeing tour to Phangnga Bay aboard a cruise vessel. The deputy prime minister and Li Teng-hui also had an informal luncheon meeting on the boat. Last night Li Teng-hui held a return banquet in Phuket.

Li invited correspondents to join him on the cruise. After his talks with Amnuai, Li told reporters that his visit to the ASEAN countries of the Philippines, Indonesia, and Thailand achieved great success and enabled him to get a deeper understanding of the Southeast Asian region.

A golf enthusiast, Li said: "my trip has significance. I am not on this trip to play golf. If I want to play golf, I can do that in Taiwan. It is not necessary for me to come this far." The Taiwan president declined to give details of his talks with the Thai deputy prime minister. He only said: "I will hold a press conference upon my arrival in Taipei at 2300 tomorrow. I will talk for about an hour." Because Li suffered from seasickness, he wrapped a small adhesive tape around his neck on the instructions of his doctor.

Li went to the Blue Canyon Club for another friendly golf game yesterday morning. Amnuai finished last among the four players with a score of 108. Li finished third with a score of 102. The winner was Bangkok Bank Vice President Sathit Uthaisi, with a score of 77. Jeffrey Koo, adviser to the Taiwan Executive Branch, was runner-up with a score of 84. Others attending the meeting on the cruise boat included Taiwan Foreign Minister Frederick Chien; Hsiao Wan-chang, chairman of the Council for Economic Planning and Development of Taiwan; Jeffrey Koo; and Phuket Governor Somchit Nimitkun.

An informed source told our correspondent that the Thai and Taiwan officials exchanged views on strengthening bilateral trade and investment cooperation. He said that Li's Southeast Asia tour during the Chinese new year is aimed at gathering economic and investment information about this region to guide Taiwan businessmen interested in investing in this region.

Li Teng-hui began his "Chinese new year trip" on 9 February. He met Philippine President Fidel Ramos at Subic Bay and held an informal meeting with Indonesian President Suharto in Bali.

Prasong Downplays PRC Protest

*BK1602134194 Bangkok Radio Thailand Network in
Thai 1200 GMT 16 Feb 94*

[Text] Speaking to reporters at the Foreign Ministry this afternoon about the PRC Government's protest against the Thai Government's reception of Taiwan President Li Teng-hui, Foreign Minister Squadron Leader Prasong Sunsiri said that he has already explained Thailand's one-China policy. The Taiwan president visited Thailand in a private capacity or for business contacts with Thai businessmen. The Thai Government has nothing to do with the visit. Regarding the parliament president's meeting with Li, the foreign minister said that it is a parliamentary affair which has nothing to do with the government and the administrative branch. The foreign minister added that there should be no problem because it is a private visit.

Labor Minister Denies Meeting

*BK1502150494 Bangkok Thai Color Television
Channel 9 in Thai 1200 GMT 15 Feb 94*

[Text] Labor and Social Welfare Minister Phaithun Kaeothong has denied a report that he is scheduled to hold talks on economic and investment issues with Taiwan President Li Teng-hui, who is on a vacation in Thailand. Asked to comment on the PRC Government's dissatisfaction with countries who have welcomed the Taiwan president, Phaithun said that the Chinese Government should understand this issue well because China itself recognizes Taiwanese investment. The Cabinet, however, has allowed talks with the Taiwan president on economic, cultural, and educational affairs.

[Begin recording] [Phaithun] Yes, we have contacts through the private sector for labor issues. The government only extends its cooperation; this has nothing to do with politics.

[Unidentified correspondent] Although there are only talks on economic issues, it could upset China.

[Phaithun] Mainland China itself recognizes Taiwanese investment. Taiwan also has investments in Thailand. There should be no problem discussing economic affairs.
[end recording]

PRC Delegation Postpones Visit 'Indefinitely'

*BK1602105594 Bangkok XING XIAN RIBAO in
Chinese 16 Feb 94 p 11*

[Text] Udon Tantisunthon, member of the House Foreign Affairs Committee, said that a delegation of the Chinese National People's Congress Foreign Affairs Committee was originally scheduled to visit Thailand between 23 February and 2 March. The House Foreign Affairs Committee has made preparations for the visit. However, the Chinese Embassy has just now informed the committee that the delegation will indefinitely postpone the visit and thanked the Thai side for all the preparation.

New Thai Envoy on Relations With PRC, Taiwan

*BK1602023194 Bangkok ZHONG HUA RIBAO in
Chinese 14 Feb 94 p 8*

[By correspondent Huang Zhenzhong]

[Excerpts] Thai Ambassador-designate to China Sawanit Khongsiri told our correspondent yesterday that current Thai-Chinese relations are smooth, steady, and sustainable. Since the establishment of diplomatic relations between Thailand and China in 1975, Thailand has recognized only the Beijing government, has adhered to the joint statement signed during the establishment of diplomatic relations, and has upheld the one-China policy.

He said that Thai-Chinese relations date back to time immemorial. The long-standing relations are based on

similar traditions and religions. Relations between the two countries will develop naturally despite the absence of any motivating force. The peoples of the two countries will benefit under the principle of mutual reliance and mutual assistance.

Sawanit, who will leave for Beijing on 17 February to assume his post, said that he will continue to push for the development of bilateral relations during his tenure. In particular, he will follow Prime Minister Chuan Lik-phai's policy of stressing bilateral trade and investment. Although Sawanit was the first secretary of the Thai Embassy in Beijing from 1978 to 1981 and understands some Mandarin and has knowledge about China to a certain extent, he considers his duty a challenge because of the changes there. Businessmen and investors from all countries are paying attention to the huge Chinese market of 1.2 billion people. They want to do business and invest there, and Thailand must make efforts in this regard.

He also wants to see the realization of the quadrangle economic development plan among Thailand, China, Laos, and Burma. Thailand has been working hard for this plan. It will soon hold a meeting for businessmen from the four countries to discuss details of the plan and to make friendly contacts. [passage omitted]

Sawanit said that he wants to promote exchanges of visits between the leaders of Thailand and China because the two countries maintain good relations. Prime Minister Chuan has visited China, and Thailand is ready to welcome Chinese leaders to the country.

He said that Thailand and Taiwan maintain only labor relations. There is no development of relations in other fields. Thailand now has about 100,000 laborers in Taiwan whose presence also benefits that country.

Sawanit also told reporters that Thailand will set up a consulate general in Kunming, China's southwestern Province of Yunnan, this fiscal year. He stressed that there are no current problems in Thai-Chinese relations, which are proceeding in all fields.

Finance Minister on U.S.-Japan Trade Talks

*BK1502132794 Bangkok PHUCHATKAN in Thai
15 Feb 94 pp 1, 2*

[Excerpt] Finance Minister Tharin Nimmanhemmin does not think the failure of talks between the United States and Japan, which led to an appreciation of the yen, would affect Thailand. He said it was a bilateral issue and part of a series of talks under which the United States is trying to achieve concrete results in reducing Japan's trade surplus. He said the two countries adopt a common principle in trade.

A source at the Finance Ministry said that there could be a short-term impact caused by speculation in the money market. He suggested that one should wait and see when the Japanese Government starts selling its holdings if the

U.S. Federal Reserve buys up the money in order to reduce the impact from the yen appreciation. He does not think that there will be any impact on Thailand. [passage omitted]

Government Seeks AFTA Extension on Petrochemicals

*BK1502164394 Bangkok BANGKOK POST in English
15 Feb 94 p 19*

[Text] Thailand wants to renegotiate the ASEAN Free Trade Area [AFTA] agreements with Indonesia and Malaysia to put petrochemical industries under AFTA's 15-year "normal track" tariff cutting schedule instead of the seven-to-10 year "fast track".

The move would amount to final acceptance by Thailand that its petrochemical industry cannot handle the swifter lowering of protectionist barriers originally envisaged under AFTA's "fast track". But Finance Minister Tharin Nimmanhemin indicated yesterday that Thailand was not seeking permanent withdrawal of the sector from AFTA, not even on the list of exclusions that will be subject to review after eight years. He said that to do so would be a backward step that would run counter to Thailand's leadership in cutting tariffs under the AFTA programme.

The Thai petrochemicals industry has been seeking a delay in the reduction of AFTA barriers ever since the basic agreements were signed at the ASEAN summit in Singapore in January 1992. The industry argues that it cannot compete without the protection of tariff barriers because the natural gas that it uses as a raw material is considerably more expensive than the supplies used by Malaysia and Indonesia, partly because of the length of the undersea pipe that brings the gas from the Gulf of Thailand to Rayong.

Some industries that use petrochemicals as raw materials, such as textiles, have argued strongly against retaining protection for petrochemicals. They say that the retention of tariff barriers makes their costs higher than those of their competitors in other ASEAN countries where petrochemicals supplies are cheaper.

Officials say privately that Thailand under the first Anand Panyarachun government initially agreed to put petrochemicals on the "fast track" as a result of a challenge from Indonesia and Malaysia.

During negotiations on the creation of the free trade area, the other ASEAN countries are said to have argued that Thailand was the most protectionist of the six. They therefore reportedly challenged Thailand to demonstrate its seriousness by agreeing to put the sensitive petrochemicals sector on the fast track.

All along, some sections of the bureaucracy have questioned whether the Anand government's position was justified, and yesterday's decision by a Finance Ministry-led subcommittee appears to reflect the feeling.

The sub-committee decided to send delegates to negotiate with Indonesia and Malaysia to keep petrochemical industries on the "normal track" list. Mr Tharin admitted the two countries are opposed to the idea.

An alternative proposal would be for all three countries to put petrochemical industries under AFTA's exclusion list. This, in effect, protects their petrochemical industries for another eight years until the exclusion lists are reviewed.

Officials from several countries have warned that putting sectors on the exclusion list will require swifter adjustments since the present intention is for tariffs to drop sharply back on schedule after the eight years of exclusion. Under the regular "normal" and "fast" tracks tariffs are cut gradually in steps of five percentage points over the relevant periods.

Mr Tharin said yesterday he believes that keener competition over this sector would not affect Thailand. Thai entrepreneurs are capable of competing with neighbouring countries provided that the competition is on a level playing field.

The conclusions reached by the sub-committee have been submitted to Deputy Prime Minister Suphachai Phanitchaphak, who is in charge of international trade negotiations, he said.

Mr Tharin added that Dr Suphachai's compromise proposal to protect petrochemical industries for another five years would be considered as a backup proposal if Malaysia and Indonesia disagreed with the Ministry of Finance's initiative. But Mr Suphachai's proposal would adversely affect Singapore as its petrochemical industry is more open than any other ASEAN country.

The sub-committee also considered revising the taxation on raw materials, including LPG. The move was aimed at reducing the costs of raw materials which would enhance the sector's chance of competing.

In the long run local plastic industries should be able to compete with imported products, and Thai tariffs should not be too high, Mr Tharin said. He would submit the sub-committee's proposals to the Board of Investment at its next meeting.

Vietnam

Hanoi: Financial Talks With U.S. Postponed

*BK1602115794 Hanoi Voice of Vietnam in English
1000 GMT 16 Feb 94*

[Text] Talks to settle outstanding financial claims from the Vietnam war days between Hanoi and Washington have been postponed until the end of this month. Senior officials of the two governments were scheduled to start discussing the claims totalling more than 500 million U.S. dollars in Hanoi on Tuesday and Wednesday. One reason for postponing the talks was to consider whether

details of establishing the liaison offices in each other's capital should be considered at the same forum.

Radio Free Asia Constitutes 'Gross Interference'

*BK1602120394 Hanoi NHAN DAN in Vietnamese
31 Jan 94 p 4*

[Commentary: "Radio Free Asia Constitutes Gross Interference in the Internal Affairs of the Asian Countries"]

[Text] According to foreign sources, the U.S. Senate on 26 January voted in favor of a decision to establish the so-called Radio Free Asia. This decision still needs the approval of the House of Representatives before becoming effective. The BBC held that this is the policy of certain rightist and extremist U.S. circles who wish to use Radio Free Asia to propagate American thinking and lifestyle and carry out the peaceful evolution strategy.

This decision of the U.S. Senate has resulted in strong protests in Asia and even in the United States. On 28 January, when interviewed by a ITAR-TASS correspondent on this issue, the spokesperson for the Vietnamese Foreign Ministry said: The news about the U.S. Senate decision to set up Radio Free Asia has not been welcomed in Asia. The Asian people are aware that the purpose of this move is to impose the political views of a foreign country on them and this amounts to interference into the internal affairs of Asian countries. Not only will this move harm the socioeconomic development of Asian countries, but it will also adversely affect the relations between the United States and these countries. This is an erroneous decision that runs counter to the current trend of development in the international situation.

A Chinese Government spokesman stated that by deciding to set up Radio Free Asia, the U.S. Senate has trampled on the standards of international relations and interfered in the internal affairs of China and other Asian countries. This decision must be overturned. The DPRK's KOREAN CENTRAL NEWS AGENCY issued a statement condemning the U.S. Senate decision to set up Radio Free Asia. Myanmar [Burma] also expressed its indignation at this move by the U.S. Senate. Even the American people have protested this action. Many people believed that the establishment of Radio Free Asia in the Cold War format is no longer useful and suitable, especially when economic relations between the United States and Asia are on the rise.

During the Cold War period, the United States used Radio Free Asia, Radio Freedom, and Jose Marti Radio and Television Stations as lethal ideological weapons against East European social countries, the (former) Soviet Union, and Cuba by disseminating distorted propaganda and inciting antagonistic feelings, thus grossly interfering in the internal affairs of these countries and causing tension in the relations between the United States and these countries. The people in these countries and in the rest of the world have protested

strongly against this U.S. act of interference. Cuba was noted for its success in jamming the vicious U.S. radio broadcast signals.

Since the Cold War, the situation in Asia and the rest of the world has experienced substantial changes. Asia has emerged as a region of relative peace, stability, cooperation, and dynamic development.

It is the general desire of the people in the region to broaden their multilateral and diversified relations with the goals of protecting peace, security and socioeconomic development on the basis of mutual respect for independence and sovereignty, without interference into each other's affairs, and cooperation for equal benefit. Looking at the prospect of Asian development, many developed, industrialized countries, including the United States, are attaching importance to its relations with countries in the region. Therefore, the U.S. Senate decision to set up Radio Free Asia runs entirely against the trend toward peace, stability, and cooperation, violates international law, and therefore amounts to gross interference into the internal affairs of Asian countries.

Nguyen Manh Cam Meets Cambodian Counterpart

*BK1602122794 Hanoi Voice of Vietnam in English
1000 GMT 16 Feb 94*

[Text] Talks have been held in Phnom Penh between Vietnamese and Cambodian foreign ministers. They dealt with a broad range of issues in the commercial, economic, cultural, educational, training, scientific, and technical areas. Vietnamese Minister Nguyen Manh Cam will stay in Phnom Penh until 18 February as guest of the Cambodian foreign minister, Prince Norodom Sirivut. These are the first high-level talks ever held between the two countries since the forming of a new government in Cambodia.

Radio Hails Bilateral Relations With Russia

*BK1602012294 Hanoi Voice of Vietnam in English
1000 GMT 15 Feb 94*

[Station commentary]

[Text] Last week, Vietnamese Foreign Minister Nguyen Manh Cam met and talked with Russian Vice Premier Yarov in Moscow. Mr. Yarov is also president of the Russian subcommittee in the Russia-Vietnam intergovernmental committee on economic, trade, scientific, and technological cooperation. Here is our radio editor's opinion:

Throughout the meeting, the two sides informed each other of the situation in each country, compared notes on bilateral issues, and affirmed their wish to develop the traditional friendly relations between Vietnam and Russia. Foreign Minister Nguyen Manh Cam and Vice Premier Yarov reaffirmed that they will quickly promote and broaden the cooperation for mutual interest between

Vietnam and Russia in the field of energy, planting, and prospecting of tropical farm products, mining, and mine industry. The two sides are determined to strengthen relations between Vietnamese localities and those in the (?Far East) of Russia and promote the trade relations between the business enterprises between the two countries. On this occasion, Vietnam and Russia observed positive developments in recent relations between the two countries and maintained that these relations will further develop in the future.

Their statements are correct. Over the last six months, the two countries held repeated meetings at high level. Vietnamese Vice Premier Tran Duc Luong last year paid a working visit to Russia. Over the last five months, the Vietnamese foreign minister paid two working visits to this country.

Despite many difficulties confronting Russia, Russian leaders spent much time to contact and discuss with the Vietnamese leaders in order to strengthen the close relations between the two countries. Particularly, Russia agreed to let Vietnam pay its debt within its capacity. Russia also agreed with Vietnam's proposal to have measures to ensure safety and security for Vietnamese people working and studying in Russia.

The relations between Vietnam and Russia have undergone many years of fine development. Now there is a ground to believe that these relations will develop as those in the past on the basis of equality and mutual benefit.

Pham The Duyet at Former Prisoners' Gathering

BK1602120494 Hanoi Vietnam Television Network in Vietnamese 1215 GMT 15 Feb 94

[Text] The Hanoi City-based Con Dao Island Political Prisoners Liaison Committee held a get-together on the morning of 15 February to mark the party's founding anniversary, welcome the Lunar New Year, and express their New Year's Day wishes to those former Con Dao Island political prisoners who live in Hanoi.

Attending the function were Comrade Pham The Duyet, member of the Political Bureau and secretary of the Hanoi city party committee; Comrade Tran Dinh Hoan, member of the Central Committee and minister of labor, war invalids, and social welfare; representatives of the Central Committee Organization and Inspection Departments; and representatives of a number of departments and sectors at the central level and in Hanoi.

After reviewing the tradition of unsubmitive struggle of those comrade political prisoners during the wars of resistance, the participants in this Year of the Dog spring get-together expressed their New Year's Day wishes to those political prisoners who were 70-95 years old. Comrade Pham The Duyet expressed his profound gratitude to those revolutionary fighters of days gone by for their contributions to the historic victories of the nation. He expressed his hope that they would enjoy good health; serve as a firm spiritual prop for their children and grandchildren; and help educate the younger generation on the need to carry on the cause initiated by their elder brothers and fathers, develop the national revolutionary traditions, and satisfactorily fulfill the tasks of defending the Fatherland and of making it more prosperous and powerful with each passing day.